



**Australian Government**  
**Department of Foreign Affairs and Trade**



# Aid Investment Plan

Pacific Regional

2015-16 to 2018-19

# Strategic priorities and rationale

This Aid Investment Plan sets the strategic framework for the provision of Australian Official Development Assistance (ODA) administered by the Department of Foreign Affairs and Trade (DFAT) to regional initiatives in the Pacific. Australia implements an integrated set of foreign, trade, security and development policies to advance our interests in the Pacific. It is in Australia's interest to support the Pacific region's development and economic prosperity.

The Pacific Regional Program complements our Pacific bilateral programs in support of a stable, secure and prosperous Pacific. The Program supports regional approaches to address a range of regional development and economic growth challenges. Geographic isolation and small and dispersed populations make the delivery of even basic goods and services logistically difficult and expensive. Natural disasters and economic shocks hinder economic development. Little progress has been made toward the Millennium Development Goals, and the private sector is typically small with large informal economies. Violence, a lack of women in leadership roles and constrained financial opportunities limit women's economic participation.

The benefits in addressing these shared challenges collectively make regional approaches an important complement to Australia's bilateral programs. The Pacific Regional Program's investments leverage economies of scale that individual country programs lack, enabling them to draw on a greater expertise base and resources. At \$166 million—around 20 percent of DFAT's aid to the Pacific—the Pacific Regional Program advances Australia's strategic interests by supporting economic growth, effective regional institutions, healthy and resilient communities and the empowerment of women and girls. The Program is delivered primarily through existing regional organisations, such as the University of the South Pacific, which provide more cost effective services when delivered regionally, particularly to the smaller states.

## Regional context

The Pacific region continues to experience significant economic, social and environmental challenges. While extreme poverty—defined as the proportion of the population living below US\$1.25 a day—is rare in the Pacific, poverty remains a big challenge for many countries. Over 20 per cent of people in most Pacific island countries live in hardship and are unable to meet their basic needs.<sup>1</sup> Many people not currently in severe hardship remain vulnerable to falling into hardship due to economic and environmental shocks. The region is particularly prone to disasters including cyclones, severe storms, flooding and earthquakes. People with a disability are among the poorest and most marginalised of their communities.

In much of the Pacific, economic growth is not keeping pace with population growth.<sup>2</sup> Distance and weak infrastructure makes international trade expensive, but small domestic markets and narrow production bases mean countries rely on it for income and consumption. Narrow production bases and imported fuel supplies also make most Pacific island countries particularly vulnerable to commodity price fluctuations. Inefficient and burdensome regulation, weak contract enforcement, limited access to finance, and low skilled and unhealthy

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<sup>1</sup> <http://documents.worldbank.org/curated/en/2014/01/19188485/regional-companion-world-development-report-2014-hardship-vulnerability-pacific-island-countries>.

<sup>2</sup> World Bank, World Development Statistics 2015

workers make the business environment challenging. Greater regional trade and economic integration, including through the Pacific Agreement on Closer Economic Relations (PACER) Plus, is needed and will bring benefits.

Progress towards empowering women is slow. Up to 60 per cent of women and girls have experienced violence at the hands of partners or family members.<sup>3</sup> The Inter-Parliamentary Union reports that globally, women comprise 21.9 per cent of national parliamentarians (world average as at June 2014), but the percentage of women in Pacific parliaments currently hovers at around 5 per cent.<sup>4</sup> Across the Pacific, men outnumber women in paid employment (outside the agricultural sector) by approximately two to one,<sup>5</sup> and males typically earn 20 to 50 percent more than women because they work in jobs attracting higher salaries.<sup>6</sup>

## Australia's aid objectives

In line with the Australian Government's development policy, *Australian Aid: Promoting Prosperity, Reducing Poverty and Enhancing Stability*, the Pacific Regional Program will complement efforts at the bilateral level to address the Pacific's economic growth challenge and reduce poverty. It will do this by supporting increased economic growth, the development of more efficient regional institutions, healthy and resilient communities and the empowerment of women and girls in the Pacific. These four objectives are complementary and mutually reinforcing. We will continue to adjust the balance of our Program between these objectives, increasing support for economic growth and the development of the private sector.

### Objective 1: Economic growth

Economic integration of the region with larger economies such as Australia is essential for sustainable economic growth. In line with DFAT's new *Aid for Trade Strategy*, the Pacific Regional Program will help increase Pacific trade, tourism and investment by developing strong and resilient regional economic frameworks and by supporting the negotiation of the Pacific Agreement on Closer Economic Relations (PACER) Plus trade agreement to help create an environment of growth for Pacific economies. Australia will look for opportunities for the region to benefit fully from PACER Plus, when finalised. We will promote trade, tourism and investment through Pacific Islands Trade and Invest, and further the development of key productive sectors including cruise tourism and agribusiness.

Through Australia's Seasonal Worker Programme and other regional labour mobility initiatives, we will increase the quantity and capacity of workers coming to Australia, thereby increasing opportunities for remittances. We will work to reduce the cost of remittances, including through our commitments in the G20.

Responding to the *Strategy for Australia's Aid Investments in Private Sector Development* and the *Ministerial Statement on Engaging the Private Sector in Aid and Development*, we will work with corporate and multilateral partners to increase access to finance for individuals, businesses and infrastructure projects. We will help remove obstacles to increased economic activity and improve the business environment, bringing innovative approaches to enterprise development. We will also improve regional economic infrastructure, with a focus on supporting transport networks where partner commitment is demonstrated. We will assist in the development of legal, governance and environmental settings to help inform consideration of sea-bed mining policies and other 'Blue Economy' initiatives.

We will work with Pacific countries, regional organisations and the multilateral development banks to extract greater long run income streams from fisheries and agriculture by improving market access and value chain

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<sup>3</sup> E Ellsberg, B Heilman, S Namy, M Contreras and R Hayes (2012). *Violence against Women in Melanesia and Timor-Leste: Progress Made Since the 2008 Office of Development Effectiveness Report*, International Centre for Research on Women, p. viii.

<sup>4</sup> <http://www.pacwip.org/women-mps/national-women-mps/>.

<sup>5</sup> Secretariat of the Pacific Community (2014). National Millennium Development Indicator Database.

<sup>6</sup> AusAID (2012). Women's Economic Empowerment in the Pacific: Gender Situation Analysis, Australian Agency for International Development.

development. We will help Pacific farmers improve the quality of their produce and meet the biosecurity requirements and standards of Australia and other importing countries. We will also strengthen effective management of oceans through better maritime security, improve food and economic security including sustainable fishing operations in the offshore tuna operations, and improve the management of coastal and inshore fish resources.

We will work with employers to identify their needs to tailor job skill programs through regional technical and vocational and tertiary institutions. Australia's Australia Pacific Technical College (APTC) is valued highly across the region. As our largest single investment under the Pacific Regional Program, the College has produced graduates from 14 Pacific island countries with Australian-standard, labour market-relevant skills. Research has confirmed impressive employment outcomes for APTC graduates.<sup>7</sup> We will work with Australian agencies to discuss how more graduates can gain access to the Australian employment market.

As the Pacific Regional Program increases its focus on aid-for-trade to achieve the Australian Aid Program target of at least 20 percent of all investments, we will ensure gender is fully integrated into our economic investments.

## Objective 2: Effective regional institutions

As a member of all the major regional organisations, and an important development partner, Australia plays a key role in enabling regional organisations to contribute to regional growth, stability and development. Australia has played an active role in Pacific regionalism for over 60 years. Led by the Pacific Islands Forum, the pre-eminent regional forum for political dialogue, the Pacific's regional organisations develop regional expertise and encourage shared approaches which promote deeper economic and people-to-people ties.

Regional approaches can help set norms and standards, such as the Pacific Leader's Gender Equality Declaration. They can develop legal frameworks to institutionalise standards, and can support countries to monitor and report against them, including through the Pacific Islands Forum Secretariat-led Forum Compact peer reviews of member countries and development partners. Innovation by regional organisations also allows new approaches to be tested and refined before being implemented in the region.

Through our partnership agreements, we will support Pacific regional institutions to improve their governance, corporate administration and accountability to their members. We will help them optimise their use of resources to achieve improved development outcomes consistent with the regional priorities of Pacific island country members, with particular attention to the needs of the small island states.

## Objective 3: Healthy and resilient communities

We will strengthen resilience through the provision of technical support to countries to help with their climate resilience and disaster preparedness, response, recovery and risk reduction. We will work with countries to implement the outcomes of the July 2015 Pacific Islands Forum Foreign Ministers' Meeting on Disaster Management and help Pacific island countries access the Green Climate Fund. We will assist the region to implement the Sendai Framework for Disaster Risk Reduction 2015-2030.

Managing health's 'double burden' of non-communicable diseases (NCDs) with continued threats from communicable diseases and maternal and child mortality remains a major challenge for the region. Containing communicable disease outbreaks and other health security threats in the Pacific is in Australia's national interest. We will support those health issues that are most efficiently and effectively addressed regionally, such as workforce training, specialised clinical services and cross-border disease threats. We will also invest in initiatives that support people with disabilities to participate fully in social, cultural and economic life.

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<sup>7</sup> Analysis shows that over 95% of APTC graduates are employed following graduation (APTC Review, DFAT)

## Objective 4: Empowering women and girls

Women in the Pacific make significant contributions to their countries' economies. There is a growing recognition among governments and in the private sector that investing in women and girls has a powerful effect on productivity, efficiency and economic growth. In Solomon Islands, for example, the annual turnover at the Honiara Central Market is between US\$10 – 16 million with women responsible for about 90 percent of market activity – as both bulk buyers and as retailers. In partnership with UN Women and UNDP we are working to improve the physical structures and management of marketplaces in rural and urban areas of Fiji, Solomon Islands and Vanuatu. This includes partnerships with Westpac and Bank South Pacific to increase the financial and business literacy of market vendors and to increase their access to bank accounts.

We will work to reduce violence against women and increase access to justice and support services for survivors of violence. We will help to increase women's leadership and decision-making opportunities; and work with Pacific communities and organisations to change the legal and social environment to enable women's empowerment and child protection. We will expand opportunities for women's income generation and wealth accumulation by ensuring all our aid-for-trade investments benefit women and girls, and increase women's access to finance and employment, including through our corporate partnerships and the Seasonal Worker Programme. We will help mitigate the disproportionate impact of disasters on women.

A major program, working in 14 Pacific Island Countries (PICs), is the ten-year \$320 million Pacific Women Shaping Pacific Development initiative, which has three focus areas: expanding women's economic opportunities; improving women's representation and effective leadership; and reducing violence against women.

Women's empowerment is a cross-cutting component of the Pacific Regional Program. All our investments will support women to participate fully, freely and safely in political, economic and social life. Gender equality and gender-responsive reporting will be a feature of our mutual obligation arrangements with regional and multilateral organisations. We are working to achieve the Australian Aid Program's target of 80 percent of all investments effectively addressing gender.



# Implementation approaches

## Working regionally with the right partners

The Pacific Regional Program is shaped by the *Framework for Pacific Regionalism*. The Framework is a commitment from Pacific Islands Forum Leaders to pursue deeper forms of regionalism to address common challenges, harness shared strengths and deliver practical benefits to all Pacific people. Australia strongly supports the Framework, and works closely with Forum Member Countries in its implementation. The Pacific Regional Program is designed to be flexible enough to meet emerging needs and respond to the direction of Pacific leaders through the Framework process.

The Program responds to the ‘tests’ for regionalism within the Framework. Initiatives should meet one of the following criteria at a sub-regional or regional level, in support of national priorities and objectives: (i) establish a shared norm or standard; (ii) establish a common position on an issue; (iii) deliver a public or quasi-public good which is regional (or sub-regional) in its scope; (iv) realise economies of scale; (v) overcome national capacity constraints; (vi) complement national governments where they lack capacity to provide national public goods like security or the rule of law; or (vii) facilitate economic or political integration.<sup>8</sup>

Drawing on our previous experience implementing effective regional investments in the Pacific, Australia will work with partners with proven track records in delivering effective and efficient regional approaches. Along with the Pacific Islands Forum, we are a significant contributor to the pre-eminent Pacific regional science and technical organisation, the Secretariat for the Pacific Community (SPC), as well as other key regional organisations such as the University of the South Pacific, Forum Fisheries Agency (FFA) and the Secretariat of the Pacific Regional Environment Programme (SPREP).

By working with key partners, we are increasingly consolidating the Regional Program. Between June 2013 and June 2015, we reduced the number of investments by 12 per cent and the number of investments under \$3 million by one-third (33 to 21). The Program will continue to consolidate individual investments where this increases program efficiency and effectiveness.

We will also increase the predictability and flexibility of our financing with these regional organisations. We will move away from project-specific commitments to more core funding based on multi-year budgets. We will agree with these partners how Australia will work to address major regional development challenges in line with their specific mandates, and include specific requirements to ensure gender equality and inclusiveness is promoted.

DFAT will continue to work with whole-of-government partners to implement the Pacific Regional Program, including the Department of Agriculture, the Department of Defence, the Department of the Environment, Department of Employment, the Australian Bureau of Statistics, the Bureau of Meteorology and the Australian Centre for International Agricultural Research (ACIAR). Working with Australian government partners will help to ensure policy consistency and alignment with broader government priorities.

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<sup>8</sup> Tests for Regional Action, *Framework for Pacific Regionalism*, Pacific Islands Forum Secretariat 2015

## Complementing DFAT's bilateral and global programs and objectives

In addition to aligning with DFAT's broader foreign policy and trade objectives in the region, the Pacific Regional Program will practically complement DFAT's Pacific bilateral aid investments as outlined in bilateral AIPs. We will also draw heavily on sectoral strategies such as *Creating Shared Value through Partnership, Strategy for Australia's aid investments in agriculture, fisheries and water* and the *Health for Development Strategy 2015-2020*.

The Program will also complement Australia's global aid programs and priorities. We will work with the regional offices of multilateral organisations such as the Asian Development Bank, International Finance Corporation and World Bank. This will provide Australia with economies of scale that are otherwise lacking, enabling Australia to leverage substantial financing into the region, while also engaging on the importance of speed and flexibility of technical assistance and finance.

Pacific Women Shaping Pacific Development, a significant investment of the Regional Program, is programmed at the bilateral level and reflected in individual country Aid Investment Plans. A number of regional and multi-country activities are also implemented to address common issues and to complement country activities to achieve greater impact in addressing gender inequality.

## Working innovatively with the private sector

Long-standing support to specific sectors does not equate to 'business as usual.' The Pacific Regional Program is constantly looking at innovative ways to help solve complex problems and lift the quality and value for money of our aid investments. Engagement with business is central to our approach.

Our *Investing in Impact* initiative is a good illustration of our appetite for innovation. The initiative will establish new partnerships with impact investors to leverage their investment capital for social enterprises in the Pacific. We will work closely with DFAT's innovationXchange on the SEED Pacific initiative, which will leverage the skills and resources of major corporations to benefit poor communities. We will also work with Pacific Islands Trade and Invest to create new opportunities for Pacific foods and develop innovative agribusinesses.

The Program actively engages with the private sector to leverage their comparative advantage. Private sector partnerships vary according to the unique assets of the business partner. We have established corporate partnerships with Westpac, ANZ and Carnival Australia which will increase access to finance and support disaster response and recovery efforts. We are also leveraging bank finance and private capital to help enterprises grow and innovate.

We will continue to work with the Asian Development Bank and the International Finance Corporation to improve the business and investment climate in the Pacific. We will continue to support reforms that create innovative financial products, remove red tape and bring women into the business community. We will also leverage our participation in the Pacific Islands Forum's Private Sector Dialogue with Leaders and strong relationships with Pacific business councils to promote policy reform.

## Supporting long-standing investments and making use of Australia's expertise

Over time, Australian experts—including those in DFAT and our whole-of-government partners—have built strong relationships with regional stakeholders. These relationships enable Australia to engage in substantial, constructive policy dialogue and share practical expertise across many sectors. We will continue to draw on the skills, expertise and relationships of whole-of-government partners throughout the Regional Program.

# Performance management

## Performance benchmarks

The Pacific Regional Program will be linked to performance, in line with *Making Performance Count: Enhancing the Accountability and Effectiveness of Australian Aid*. Progress towards Australia's aid objectives over the life of the Aid Investment Plan will be assessed against the following performance benchmarks, and will include assessment of the implementation of safeguards measures in all investments. Australia will report on progress against these benchmarks through annual Aid Program Performance Reports (APPRs). Future year performance benchmarks will be determined following the review and analysis of the APPRs.

## Performance Benchmarks 2015-16

Target	2015-16
<b>Objective 1: Economic growth</b>	
<i>Collective action managing regional resources delivers economic benefits to Pacific governments</i>	
5% annual increase in revenue flowing to Forum Fisheries Agency Pacific island member governments from offshore tuna fisheries (from 2013-14 baseline)	\$264 million
<i>APTC provides more Pacific Islanders with internationally recognised qualifications in areas of demonstrated labour market demand</i>	
Additional Pacific Islanders graduate from APTC with internationally recognised qualifications	1000 additional graduates
<i>Aid program attracts new private sector investment that contributes to Pacific development outcomes</i>	
Value of private sector investment leveraged	US\$350 million
<b>Objective 2: Effective regional institutions</b>	
<i>Collective ownership of regional organisations by Pacific island country members</i>	
Increased engagement of Pacific island country members in decision-making at Pacific Regional Organisation governing body meetings	70 percent of members engaged
<b>Objective 3: Healthy and resilient communities</b>	
<i>Pacific island countries effectively manage global sources of climate finance</i>	
Increased Green Climate Fund finances allocated to Pacific region	US\$10 million
<i>Pacific island government national surveillance systems effectively monitor outbreaks of infectious diseases</i>	
10 percent annual increase in number of Pacific island governments implementing specific surveillance and response plans for outbreaks of infectious disease	10 percent
<b>Objective 4: Empowering women and girls</b>	
<i>Improved economic opportunities for women in the Pacific</i>	
Increased number of market vendors, of which 85 percent are women, are provided with financial and business literacy training	2000



## Mutual obligations

Australia will deliver development assistance in support of the aid objectives and performance benchmarks identified in this Aid Investment Plan. The Pacific Regional Program promotes mutual accountability through joint commitments to enhance the transparency of financial and operational information, results and performance. Australia has undertaken extensive consultations with partner governments and regional institutions to develop agreements with achieve realistic outcomes. These agreements commit Australia to deliver high quality programs that can take the form of financial, technical and policy support. These programs are designed to ensure value for money, effective use of resources, transparency and sustainability. The objectives of each investment align with national-level development plans and contribute to specific development priorities.

Australia has negotiated and signed multi-year partnerships with the three largest regional organisations, the Pacific Islands Forum Secretariat (PIFS), the Secretariat of the Pacific Community (SPC) and University of South Pacific (USP). Each Partnership Agreement includes a detailed Performance Assessment Framework specifying the results within a specified timeframe. These agreements reflect a new way of doing business, and reflect principles of mutual respect, responsibility and accountability and provide greater predictability and flexibility.

Progress against specific commitments under the following regional frameworks will be regularly assessed and where progress is inadequate or in breach of our aid agreement (such as through fraud or mismanagement of funds), aid funds will be re-allocated or reduced.

In each agreement, regional organisations have committed to intensive efforts to strengthen their governance, corporate administration and performance assessment capability to improve their effectiveness, efficiency and ability to report on outcomes they are achieving. A key part of the agreement is improving the accountability of regional organisations to all members, not just Australia, and giving particular focus to the needs of small island states.

In turn, Australia's commitments are:

- Australia–Pacific Islands Forum Secretariat Partnership Agreement (2014): Australia will use this agreement to help PIFS undertake significant analysis on and consultation with members on the implementation of the 'Framework for Pacific Regionalism.'
- Australia–Secretariat of the Pacific Community Partnership Agreement (2014): Australia will support a greater focus on results through SPC's new Corporate Strategic Plan and performance framework, including the introduction of country-level reporting that showcases SPC's work at the national level.
- Australia–University of the South Pacific Partnership Agreement (2014): Australia will help USP's reform agenda, and action plan based on recommendations of a recent internal audit.
- Forum Fisheries Agency (FFA): Australia will participate actively with FFA in the implementation of the Leader-endorsed *Regional Roadmap for Sustainable Pacific Fisheries*. We contributed substantively to the adoption of the FFA Strategic Plan and will help implement further improvements to strategic policy setting within the FFA.
- Secretariat of the Pacific Regional Environment Programme (SPREP): Australia continues to support SPREP's efforts to strengthen its governance arrangements, financial management and human resource management.<sup>9</sup> SPREP's country-level reporting has been well received by members who now have a better sense of what the organisation can deliver for their annual membership fees.

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<sup>9</sup> These reforms are now paying dividends for SPREP through increased effectiveness and accountability of its programs. The success of these reforms was reflected in SPREP's accreditation as a Regional Implementing Entity by the Adaptation Fund Board under the Kyoto Protocol, from 1 November 2013; as well as passing its European Union audit in 2013.

## Monitoring, review and evaluations

We will build on past experience in program implementation, monitoring and evaluation to ensure program staff continue to report responsibly and accurately, in line with DFAT standards.

The Performance Assessment Framework will track program performance against the AIP's objectives. Monitoring of the AIP's objectives will be aligned with detailed and robust annual reporting through the Aid Program Performance Report (APPR). Reporting will generate credible, accountable information which will inform program management. Monitoring and evaluation will be used to demonstrate the program is making a difference, achieving results and value for money, and meeting its objectives. It will rigorously assess the relevance, effectiveness and efficiency of program implementation and management, and will test the assumptions of the programming environment, and evaluate risks and challenges. The program intends to provide sex and disability disaggregated data whenever possible.

The Program's monitoring and evaluation strategy will continue to evolve over the four years of this AIP to improve the links between individual program outcomes and contributions to the two key objectives. Relevant analysis will be undertaken in order to:

- maintain alignment with DFAT's priorities in economic integration, gender equity, trade, foreign policy and complementarity with bilateral aid programs in the region;
- provide a strong, clear and informed rationale which demonstrates how program activities contribute to the overall objectives;
- ensure the management structure of the program is responsive to the challenges of multi-country reporting and program management across several countries; and
- monitor the program's ability to be flexible and adapt to changes to the political, donor and development context in the Pacific.
- A gender-focused review of the Pacific Regional Program to support our goal of increasing the number of programs that address gender equality.

# Program management

## Governance and resource management

Australia's aid to the Pacific region will primarily be managed by the Department of Foreign Affairs and Trade (DFAT) staff in the Australian High Commission in Fiji and Canberra. Overall responsibility for the strategy and the Pacific aid budget will lie with DFAT's First Assistant Secretary, Pacific Division. The location of direct management is primarily determined by the location of the partner, noting that close coordination is the norm given the range of partners and operational locations for our investments. With a few exceptions Suva will be responsible for support to Pacific-based partners, Pacific regional organisations, multilateral and non-government organisations and other Pacific-based programs. Canberra will be responsible for Australia-based partners and whole-of-government engagement.

DFAT in Canberra will be responsible for policy development and guidance, drawing on the expertise of thematic specialists and Post. Other agencies, such as the Department of Agriculture and the Department of Employment, will provide strategic input to policy development and oversight programs in particular sectors in consultation with DFAT.

Designing, implementing and evaluating aid investments requires highly skilled staff. We will maximise our capability through innovative and flexible use of resources and by investing in staff training and development. Where appropriate we will procure specialist expertise to assist with our changing program.

## Risk management

DFAT staff in Canberra and Fiji will monitor and manage risks at implementation. DFAT staff in Canberra and Fiji will be responsible for identifying and managing risks and elevating risks to the attention of senior management when appropriate. Australia will maintain a zero-tolerance approach to fraudulent and corrupt actions against the Pacific Regional Program. With management responsibilities spanning Suva Post and a diverse range of DFAT and whole-of-government stakeholders in Canberra, DFAT's Pacific Division (Pacific Regional Branch and Pacific Analytical and Effectiveness Branch) will play a key coordination role and pull together program-wide information on risks relating to policy shifts, program quality and financial expenditure.

Regional aid in the Pacific will continue to be exposed to a range of political, fiduciary, and performance related risks. Poor governance and weak legal frameworks continue to impede the development of an effective business enabling environment. Potential corruption within partner organisations is assessed as low-risk, but one we address actively through our mutual obligations and active participation in Audit Committees and governing bodies. We continue to seek greater transparency, more effective policy setting, and improved fiscal management by regional organisations. The Pacific Regional Program will also work with regional organisations, the Pacific Financial Technical Assistance Centre and through the Forum Economic Ministers' Meeting to promote good economic governance, transparency and accountability.

While efforts have been made across the Pacific to tackle corruption, it remains widespread in many countries and affects good governance. Over the course of this AIP, we will regularly monitor our own systems and processes to reduce opportunities for corruption in line with DFAT's Fraud and Anti-Corruption Strategies. We will make use of our comprehensive fraud control and risk management frameworks to help prevent, detect and control fraud. We will continue to engage with trusted and effective implementing partners such as major

international organisations (ADB, UN agencies and the World Bank), respected regional institutions (PIFS, SPC, USP) and high-performing NGOs and managing contractors.

Shocks caused by natural disasters undermine effective functioning of governments and economic management, and can significantly reverse progress gained in development through the widespread destruction of infrastructure and livelihoods, and loss of lives. Australia will support the Pacific Resilience Partnership to build cooperation, improve collaboration and harmonise systems to support nationally-led resilience building and strengthening to improve the ability of countries to recover from natural disasters. Improved disaster management continues to be a key interest for Australia.

We will seek to maximise regional flows from the Green Climate Fund (GCF) and other relevant channels to help share the developmental burden and reduce our direct exposure to the broader relationship risks and challenges associated with enduring climate change and other environmental challenges.

Given the weak regulatory environment, many development projects entail risks of unintended social and environmental consequences. We will work with development partners to minimise this risk. This will include applying robust social and environmental safeguards policies and processes (including child protection), and conducting additional monitoring when required.

Reporting on results against regional investments presents specific issues. Programs need to be designed to ensure individual implementing country level results can be captured, but that clear judgements can also be made on progress against broader whole-of-program outcomes. The type of investments appropriate for regional programming can make it difficult to determine tangible and immediate results that clearly demonstrate value for money. We will address these issues by investing appropriate time and resources in the program design phase in particular, to tackle the specific challenges posed by regional programming.

In particular, we must ensure our regional and bilateral investments are coherent and complementary. We have implemented a number of reforms to ensure better financial and performance reporting of regional investments at the bilateral level which will greatly assist in this and will continue to seek to improve communication and coordination.

Given that the dynamics of the region can shift drastically as a result of geopolitical and macroeconomic shocks, it is important that we look beyond individual country risks, and also consider possible risks to regional stability and prosperity. We will work with our network of bilateral posts across the Pacific to better understand and manage the risks across our region.

To ensure the Program takes into account the views of whole-of-government partners, we will actively engage with other government departments and agencies whenever relevant.

The Pacific Regional Program will regularly assess, monitor and manage these risks in accordance with the table below.

## Risk monitoring and communication

Process	Frequency
Update of program-level risk register	Quarterly
Update of sector-level risk registers	Quarterly
Mission senior management team discussion on progress of risk treatments, escalation of country aid risks and any new risks	Monthly
Country program senior management team discussion on progress of risk treatments, escalation of sector risks and any new risks	Monthly