

**The Pacific Technical
Assistance Mechanism
(PACTAM)**

FINAL

Independent Progress Report

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Abbreviations & acronyms

ADB	Asian Development Bank
ARF	Adviser Remuneration Framework
AVI	Australian Volunteers International
DAC	OECD Development Assistance Committee
HKL	Hong Kong Logistics
MC	Managing Contractor
OECD	Organisation for Economic Co-operation and Development
PfD	Partnership for Development
PACTAM	Pacific Technical Assistance Mechanism
PACTAF	Pacific Technical Assistance Facility
PFTAC	Pacific Financial Technical Assistance Centre
PNG	Papua New Guinea
QAI	Quality at Implementation
TA	Technical Advisers

Executive Summary

The Pacific Technical Assistance Mechanism (PACTAM) is an AusAID initiative established in 2006 to respond to urgent development needs in Pacific countries. PACTAM began operating in November 2006 in response to AusAID's need for a single, coherent mechanism to provide technical assistance to the Pacific.

During the period November 2006-2011, AusAID supported 120 PACTAM assignments across twelve Pacific Island countries in areas such as governance, infrastructure, finance, tax, education and climate change. The total cost of the program to-date has been just over \$24m plus management fees.

PACTAM, and its predecessor PACTAF (the Pacific Technical Assistance Facility), have both been managed exclusively by Australian Volunteers International (AVI) since inception. The current contract with AVI expires in November 2012. In preparation for any continuing Pacific assistance under PACTAM or a similar mechanism, and in light of AusAID's recent Adviser Review and subsequent Adviser Remuneration Framework (ARF), this review assessed the effectiveness of PACTAM in responding to development needs in the Pacific. The review had two principle objectives:

- **The first was a retrospective assessment;** a comprehensive review of PACTAM against the criteria set out in AusAID's Guidelines with a particular focus on effectiveness, relevance, efficiency and sustainability.
- **The second was prospective;** the review team was tasked to make recommendations for improving the delivery and effectiveness of technical assistance personnel to the Pacific under a mechanism such as PACTAM to improve capacity building in the region, including by assessing other partnership arrangements.

Findings

In terms of the retrospective aspects of this review, the review team found that, in overall terms, PACTAM has been providing a reasonable standard of recruiting staff to fill necessary positions in Pacific Island governments. PACTAM positions are appreciated by partner countries and PACTAM fills an important niche. These positions are relevant to the partner government and the Australian government's priorities and the managing contractor was generally found to have met expectations set out in the 2006 contract. Indeed, in some areas of its work, the managing contractor can be commended - such as proactively inducting deployees in cultural issues, encouraging gender and disability sensitivity and reinforcing capacity development, despite these not being an overt aspects of the contract.

Despite the achievements of PACTAM to date, the review found fundamental weaknesses in the current PACTAM model. These include issues of unclear accountability, low partner government ownership, as well as questions over efficiency and performance management. At a deeper level, the review questions whether technical advisers can engender sustained capacity gains without wider attempts to address the fundamental issues which undermine partner government capacity.

Given AusAID's Adviser Review, its new operational policy for the use of advisers in the Australian aid program and the importance of the aid effectiveness agenda, changes should be made to the

mechanism to further encourage capacity development and increase the ownership and involvement of partner governments in the recruitment and performance management of deployees.

Indeed, viewed through the lens of current good practice and policy guidelines, PACTAM requires modification. As it is currently configured, PACTAM represents a way of working which has increasingly been superseded by new policy and practices under aid effectiveness agreements. The current mechanism addresses capacity gaps in partner governments through an Australian based MC which recruits in Australia, pays Australian benchmarked salaries, visits deployees at least twice annually and monitors from afar, with separate progress reports sent to AusAID. The partner government is a 'recipient' of this mechanism rather than an active player in recruiting and managing deployees.

In looking prospectively, it is important to delineate the provision of TA (in a reconfigured PACTAM mechanism) from the deeper, more complex, issues of engendering sustainable capacity development. Recommendations for both are discussed separately below.

Revise the PACTAM mechanism

The review findings make it clear that the design of the PACTAM mechanism is out of step with recent developments in AusAID policies and the modalities of the aid effectiveness agenda. In accordance with the findings set out in this report, a future mechanism should be guided by the following principles:

- Greater leadership of the partner government in all aspects of the recruitment and management processes
- Clearer lines of accountability to the partner government
- Closer engagement between PACTAM and Posts so that TA are part of a coherent aid program overseen within country programs (rather than regionally), and integrated within AusAID's performance management system
- Greater flexibility to tailor the program to different countries' needs
- Greater attention to cost effectiveness, including TA remuneration benchmarked against international rates and paid to the TA in-country by the partner government
- Clarity of advisers' roles and expectations around capacity building

In this scenario, the managing contractor's role would change from 'recruiting on behalf of partner governments' (in Australia) to 'supporting partner governments to recruit internationally in their own countries'. In some countries this may require intensive on-going support throughout the process and in others less managing contractor input¹. These changes would help increase ownership of the mechanism, simplify accountability processes and streamline the TA performance management.

¹ The level of MC input should be based on a joint assessment of country partner capacity and preferences.

Trial new approaches capacity development

The review found that the current PACTAM mechanism is not designed to engender sustained capacity development. This reflects the nature of the challenge - the issues underlying capacity development and retention in the Pacific are complex. Many factors contribute to capacity shortfalls in the Pacific including ineffective salary structures, absence of career development opportunities, shortages of trained personnel, low populations, the movements of professionals overseas etc. Moreover, contributory factors are different between countries and between sectors within countries. A standard response is therefore inappropriate. The PACTAM mechanism, in providing short or long-term technical advisors, is not able to address the range of capacity needs.

According to partner government representatives, an integrated, longer term response to capacity development would be more appropriate. The principles would be centred on a partner government owned and led capacity development plan. In this situation the role of the managing contractor would be to support the partner government Ministry or Department to identify its own capacity gaps, produce a strategic plan outlining the issues, options and expected results and execute the plan. Under such an integrated approach, TA would be one aspect of a multifaceted response to capacity gaps and weaknesses.

Conclusion

As AusAID scales up its aid program to 0.5% of GNI in 2015, it is imperative to ensure that partner governments in the Pacific have the capacity to govern effectively and accountably, including delivering public services to their people. As the review team found, capacity gaps are common. Reconfiguring PACTAM to support Pacific partner governments to recruit TA is important, as international TA is likely to be needed for the foreseeable future. A mechanism such as PACTAM will remain an important tool that is primarily aimed at capacity substitution, while supporting some skills enhancement as part of its function. However, this will always be a partial solution.

At some point, AusAID needs to address the underlying issue of capacity development. Given the scale of AusAID's aid program in the Pacific and the centrality of capacity development for the achievement of AusAID and Pacific Island Government aims, there needs to be a more systematic and coherent approach to capacity development. This should start by recognising areas of expertise and capacity strength as well as identifying the areas of insufficient capacity of some partner government's departments and ministries to meet expectations set out in jointly agreed partnership agreements. Some AusAID country programs are working on this. Others are not. An integrated approach to capacity development is needed to provide the framework and context within which mechanisms such as PACTAM can contribute.

Section 1: Introduction

The Pacific Technical Assistance Mechanism (PACTAM) is an AusAID initiative established in 2006 to respond to urgent or emerging development needs in Pacific countries. PACTAM provides human resources and equipment procurement to Pacific partner governments in line with Australian and development partner priorities.

PACTAM began operating in November 2006 in response to AusAID's need for a single, coherent mechanism to provide technical assistance to the Pacific. Over time, AusAID's utilisation of the mechanism has broadened to include the provision of technical assistance in the form of multiple short and long-term layered placements with Government Ministries in the Pacific, and placements with multi-country and regional foci.

During the period November 2006-2011 the Australian Government, through AusAID, has supported 120 assignments across twelve Pacific Island countries in areas such as governance, infrastructure, finance, tax, education and climate change². The total cost of the program to-date has been just over \$24m plus the management fee to the contractor.³ In most cases, PACTAM advisors are contracted employees to the local government agencies within which they are placed, but also have service agreements with the managing contractor based in Australia. Their local salary and local employment conditions are supplemented in Australia through AusAID bilateral funding.

- Assignments vary in length from one month to five years
- The average length of each assignment is just over one and a half years
- Most advisors are Australian nationals (63%); 13% come from the Pacific; & 24% are non-Australian and non-Pacific.

Data provided by AVI, August 2011

PACTAM, and its predecessor PACTAF (the Pacific Technical Assistance Facility), have both been managed exclusively by Australian Volunteers International (AVI) since inception. AVI's international projects operations are managed from the head office in Melbourne. AVI has been engaged by AusAID to manage all administrative arrangements associated with the technical inputs including: the recruitment and the selection of advisors; preparation, orientation and repatriation of advisors; and in-country monitoring of advisors.

1.1 Summary of review objectives

The current contract with AVI expires in November 2012. In preparation for any continuing Pacific assistance under PACTAM or a similar mechanism, and in light of AusAID's recent Adviser Review and subsequent Adviser Remuneration Framework (ARF), this review assessed the effectiveness of PACTAM in responding to development needs in the Pacific. The review had two principle objectives:

- **The first was a retrospective assessment;** a comprehensive review of PACTAM against the criteria set out in AusAID's Guidelines with a particular focus on effectiveness, relevance, efficiency and sustainability.

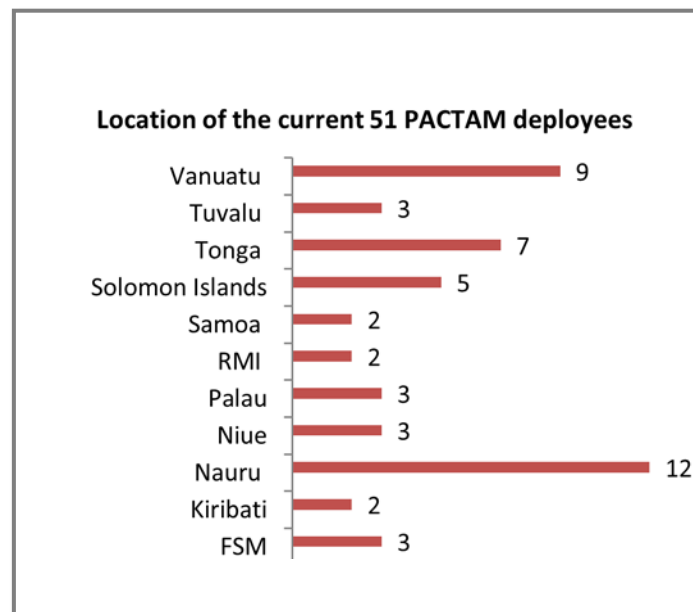
² The twelve Pacific countries which have received PACTAM advisers are; Niue, Tonga, Solomon Islands, Vanuatu, Kiribati, Tuvalu, Samoa, Fiji, FSM, RMI, Nauru and Palau

³ NB. All financial information in this report is given in Australian dollars.

- **The second was prospective;** the review team was tasked to make recommendations for improving the delivery and effectiveness of technical assistance personnel to the Pacific under a mechanism such as PACTAM to improve capacity building in the region, including by assessing other partnership arrangements.

As well as meeting these two objectives, the Terms of Reference (TOR)/Service Order for this review specifies five key questions;

- Relevance:** Are PACTAM objectives relevant to Australian Government and partner government priorities and policies, including the operational policy on the use of advisers in the Australian aid program?
- Effectiveness/Capacity change:** Is PACTAM an effective mechanism for the delivery of technical assistance personnel to the Pacific, and how effective is its contribution to capacity building in the region?
- Sustainability:** To what extent is PACTAM and the delivery approach likely to lead to enduring benefits after Australian contributions have ceased, and what are the recommendations for improvement?
- Learning:** What are the gaps that may exist in AVI and AusAID's long-term adviser recruitment and performance management practices under PACTAM?
- Efficiency:** To what extent does/could AVI provide better management oversight of the quality of the adviser's technical skills; including during recruitment, deployment, and in assessment of the contribution of the deployees' work when deployments finish.



1.2 Methodology

This review was carried out by an independent evaluation specialist, with analytical as well as logistical support from an AusAID desk officer (hereafter referred to as the Review Team). The review process was designed to be both participatory and reflexive. Particular attention was given to exploring and triangulating data/information and perspectives from the four major stakeholders - AusAID⁴, AVI, PACTAM deployees and partner governments. As the review progressed the methodology was refined in consultation with AusAID and greater emphasis was given to seeking the perspectives of partner governments. In particular, attention was given to discussing future recommendations with partner governments. The timeframe for the review was extended in order to do this and an additional visit was approved to Tonga and Samoa in order to further explore the views of partner governments and investigate the scope for increased partner government ownership of technical assistance. Full details of the review methodology are appended in the Evaluation Plan (Annex 2). A summary of the seven stages of the review is given below.

⁴ AusAID Posts as well as AusAID staff based in Canberra closely involved in PACTAM.

- 1) The team began with a review of **background literature and monitoring reports**⁵.
- 2) **Initial discussions were held with Australia-based key stakeholders** including round-table discussions with AusAID (for one day) and AVI (for two days). During this process, the discussions with AVI focused on AVI's auto-reflection report which covered AVI's assessments of the major strengths of the PACTAM program; key challenges or areas of the program which they would like to improve; key learning; and benefits/issues in the partnership with AusAID (see Annex 3 for AVI's Auto Reflection Response).
- 3) **Country visits to Vanuatu and Nauru for one week each.** During country visits, discussions were held with key stakeholders including PACTAM Advisers, Government Departments, AusAID staff and, where appropriate, other donors. Overall, the review team held discussions with 17 deployees and 30 government representatives. In Vanuatu, the review team met with nine PACTAM deployees⁶, their respective Vanuatu Government line managers, the Vanuatu Government's Director of Strategic Policy & Planning, members of AusAID Post and the AVI representative. In Nauru the review team met with eight PACTAM advisers⁷, their respective Nauru Government line managers⁸, the Australian High Commission and members of AusAID Post⁹. Processes included individual and semi-structured group discussions¹⁰. Particular attention during discussions with PACTAM advisers was given to developing a deeper understanding of adviser effectiveness, sustainability and capacity development.
- 4) **Questionnaire responses.** During the course of the review, questionnaires were sent out to each of the current 51 PACTAM deployees across eleven Pacific countries as well as to AusAID posts affected by PACTAM across the Pacific (see Annexes 5 & 6). The response rate was high. Over 60% of advisers (31 deployees) provided feedback into this review process and all relevant AusAID Posts completed a questionnaire or partook in discussions with the review team.
- 5) **Telephone discussions.** Following the analysis of responses from the questionnaires, follow-up telephone discussions were held with selected stakeholders. Telephone discussions were held with representatives from the New Zealand Aid Programme, line managers from partner governments and the Pacific Financial Technical Assistance Centre (see schedule of discussions annex 4).

⁵ This included deployee reports, PACTAM contract, annual reports as well as previous reviews and studies e.g. Bio-medical Engineering Maintenance Initiative (BEMI), September 2011, Heath Resource Facility, Canberra. Vanuatu Health Sector Human Resource Planning Support, April 2011, Health Resource Facility, Canberra etc.

⁶ Four medical professionals; Engineer from the Public Works Department; Auditor from the Audit office; Education Planning adviser; Budget and Planning Specialist and Biomedical Engineer.

⁷ Health educator; Deputy Secretary of Economic Development & Monitoring; Secretary of Finance; Deputy Secretary Treasury; Health Services Adviser; CEO utilities authority; Utilities Operations Manager & Secretary for Health.

⁸ The review team were unable to meet the Nauruan Minister of Foreign Affairs and Trade who was overseas.

⁹ Due to ill-health (or being 'off island') the review team were unable to speak with three of the twelve PACTAM advisers in Nauru.

¹⁰ Though the Review Team had hoped to incorporate the use of Participatory diagramming in the discussion with PACTAM advisers, this was not practicable. Discussions on capacity development and sustainability were verbal discussions which enabled exploration of individual situations.

- 6) **Partner Government input into next steps.** Following the analysis the review team visited Tonga and Samoa to discuss future recommendations. The involvement of the key stakeholders (partner governments) in this process was extremely helpful.
- 7) **Feedback discussion with AVI/AusAID.** Following the analysis from the country visits, questionnaires & telephone discussions, a feedback session was held with AusAID and AVI to discuss the review's findings and proposed recommendations. AVI provided written feedback from this session which has also contributed to this report.

Section 2: Review Findings

2.1 Summary of retrospective analysis

Overall, the PACTAM mechanism was found to be delivering a useful service of providing internationally recruited staff to fill necessary positions in Pacific Island Governments. Capacity issues are identified by partner governments who are grateful to AusAID for filling critical skills gaps. AVI were generally found by this review to have successfully recruited international staff and met expectations set out in the current PACTAM contract.

AVI, as the managing contractor, has strengthened PACTAM. While operating in a commercial environment, AVI was found to have made proactive steps that advance PACTAM's development outcomes. In particular AVI has actively sought to reinforce and encourage good development practice such as supporting employees' gender and disability awareness, where possible encouraging and supporting capacity building and actively recruiting employees who can operate effectively in a Pacific Island environment. Moreover AVI has proactively endeavoured to link up employees in professional networks as well as to link employees with appropriate research institutions etc. Much of the feedback from employees highlights their appreciation of AVI. In questionnaire responses, 94% of employee respondents rated AVI's support to their placement as either 'good' or 'excellent'¹¹. As one employee explained *"..the recruitment process was excellent. I'm am so used to rote recruitment processes run by untrained or disinterested people that being recruited by AVI was a refreshing change. Perhaps a major part of this was the personalities of the people involved, but the whole organisation feels like it is committed and enthusiastic and not just contracted to fulfil a process for the benefit of a cheque at the end of a day..."* (PACTAM employee).

Despite the achievements of PACTAM to date, the review found fundamental weaknesses in the current PACTAM model. These include issues of unclear accountability, low partner government ownership, as well as questions over efficiency and performance management. At a deeper level, the review questions whether technical advisers can engender sustained capacity gains without wider attempts to address the fundamental issues which undermine partner government capacity. Given AusAID's Adviser Review, its new operational policy for the use of advisers in the Australian

¹¹ NB. This review is of the PACTAM mechanism and its effectiveness. It is not a review of AVI nor of individual employees performance. While the review report makes reference to AVI this is done so only where AVI's management has directly impacted on the mechanism. Equally where the review mentions employees, it does so to illustrate points raised by stakeholders during the course of the review, not as reference to individuals' performance.

aid program and the importance of the aid effectiveness agenda, changes should be made to the mechanism to further encourage capacity development and increase the ownership and involvement of partner governments in the recruitment and performance management of deployees.

The remainder of this section discusses the main findings of the PACTAM independent review. It addresses the five key questions set out in the TORs – relevance, effectiveness/capacity change, sustainability, learning and efficiency. In doing so, it draws on data and perspectives from each of the stakeholder groups drawn from telephone discussions, questionnaire responses, interviews and round table discussions. Where quotes are incorporated, they are used as an illustration of a particular point and, unless otherwise stated, they are only used if they reflect a corroborated perspective from that particular stakeholder group.

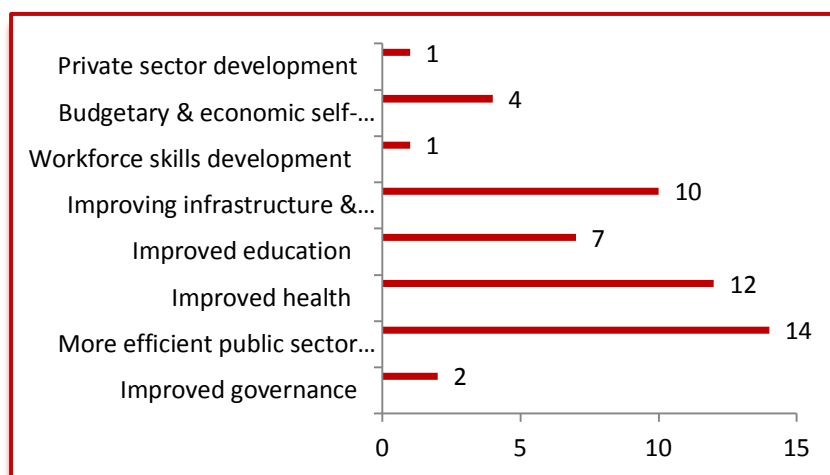
2.2 Are PACTAM objectives relevant to Australian and Pacific partners' priorities?

Across the Pacific, the absence of local skilled labour to fill key positions in Ministries has typically prompted Pacific Partner Governments to seek PACTAM advisers. PACTAM deployee positions are perceived by all stakeholders as being relevant to both partner governments and the Australian Government's strategic priority areas. In Tonga, for example, all requests for advisers have been endorsed by a national Project Approval Coordination Committee (PACC) to ensure alignment with Tonga's national priorities. In Vanuatu, the Department for Strategic Policy Planning coordinates requests for overseas volunteers/advisors.

PACTAM advisors are typically requested by the partner government. The request is then discussed with the AusAID post to test appropriateness and alignment with the Partnership for Development agreements. Finally, if the request is granted, a Recruitment Service Order is completed and the managing contractor recruits internationally. All Partner Government representatives interviewed during the course of this review maintained that the positions filled by PACTAM deployees are both priority areas for their Governments and directly relevant to national strategic plans.

AusAID Posts were equally confident of the relevance of PACTAM positions. In questionnaire responses all AusAID staff suggested PACTAM positions strongly aligned with relevant Partnerships for Development agreements and the current directions of AusAID's programs. AusAID posts rated alignment as '5' or 'good alignment'. As one AusAID staff member wrote, *".. AVI has been very proactive in building up a strong knowledge base of the needs of the programs in line with the Partnerships for Development, this has resulted in accurate and appropriate TORs, work plans and the selection of effective advisors..."*

In some cases, AusAID posts suggested that the managing contractor may have been proactive in suggesting to partner governments that they request an advisor. In these situations, this perception has created significant tension. As one AusAID post member wrote *".. when PACTAM representatives approach Ministers directly saying what they are capable of providing, it creates a lot of expectation that we will then fund it.... ...if no funding is forthcoming or is available for particular placements, it just creates a lot of confusion..."*



Snapshot of current employees by sector

To dispel this perception, it will be important that a future mechanism of this kind decouples the link between the fee to the managing contractor and the number of advisors recruited. It is also important for the PACTAM mechanism to engage more closely with AusAID posts.

Furthermore the new modalities under international aid effectiveness agreements and the Pacific Cairns Compact

demand changes in the mechanism. PACTAM needs to not only ensure advisers' TORs align with donor and recipient objectives, but that the mechanism itself aligns with the underlying objectives for the relationship between donors and Pacific governments (see section 3 of this report).

2.3 Is PACTAM an effective mechanism for delivering technical assistance to the Pacific?

The PACTAM mechanism currently recruits to any sector, in any country, across the Pacific, with the exception of Papua New Guinea. It can utilise bilateral or regional funding and can be used in conjunction with other donor or institutional support¹². On the whole, this mechanism has been effective in both recruiting and retaining staff to fill necessary positions in the Pacific. Indeed between November 2006 and September 2011, 120 positions have been filled, with a high retention rate (only 5 employees returned early for reasons within AVI's control). The section below explores different aspects of the effectiveness of the mechanism's current management: pre-departure briefings; in-country orientation; pastoral care; processes & procedures; and recruitment.

Pre-departure briefing: A strength of the current mechanism is AVI's initial preparation of, and on-going support to, PACTAM employees. AVI run a three day pre-departure briefing for all employees and their partners. This briefing covers issues such as gender, disability, development effectiveness and capacity building and is highly rated by PACTAMers. 87% of PACTAM employee respondents rated this pre-departure briefing 'good' or 'excellent'. Many PACTAM employees, including Pacific islanders themselves and those who had significant Pacific island work experience, were surprised at the usefulness of these departure briefings.

In-country orientation: Initial in-country orientations were similarly highly rated. 65% of employee respondents rated the in-country briefing as 'good' or 'excellent'. One employee commented *".. the in-country session was well prepared and all the issues discussed at this session were well balanced. The issues related to security, natural disaster and cultural sensitivity gave us an in-depth knowledge on how to handle and prepare for them.."*

¹² For example, the Government Accounts Adviser role in Tuvalu is partly funded by New Zealand.

Pastoral care: A particular feature of the mechanism (as it is currently run) is the pastoral support provided to the deployees. Direct, in-country support is provided in both Vanuatu and Nauru¹³. In addition, across the Pacific, periodic support is provided in the form 2-4 visits per year (depending on the country) from AVI coordinators. Pastoral care (both in the form of in-country representatives, support from visiting coordinators and telephone/e-mail contact) was appreciated by deployees: 71% of deployee respondents rated this support as 'good' or 'excellent'. It is interesting to note that all deployee respondents (with or without resident representatives) rated pastoral support highly. It is also interesting to note that though deployees appreciate the pastoral support, many deployees interviewed during the course of this review voluntarily suggested that the level of pastoral support is not essential given their level of professional experience and/or experience of living and working in the Pacific.

Processes & procedures: Despite strong pastoral support for deployees, the review team found high levels of concern expressed by AusAID over PACTAM's management in the event of unforeseen circumstances. Ambiguity over management responsibilities occur when PACTAM deployees are in need of extraordinary support: for example when a deployee requires medical attention or when accused of corruption or inappropriate conduct, and especially in relation to performance management in situations where the deployee is not performing to expectation. In these situations there is ambiguity over management. As one AusAID staff member explained, *".. we are not only trying to manage the big issues, but we daily have to deal with the mundane issues.."*¹⁴. Another questioned why there aren't clear procedures setting out PACTAM management in the event of unforeseen circumstances such as poor performance or the need to terminate a contract. The ambiguity in practice reflects vagueness in the PACTAM contract. In the Head Contract the managing contractor simply agrees to *"..Proactively identify and rectify problems or recommend strategies to AusAID on how to rectify problems, which may arise, in the performance of services.."*¹⁵. Unclear protocol, which at times has led to frustration on both the parts of the MC and AusAID, should be addressed in any future mechanism.

Range of Deployees positions

Positions range from highly skilled 'niche' technical posts e.g.

- Environmental lawyer
- Deputy secretary treasury
- Secretary of Finance
- Tax and revenue advisor
- Health budget & planning specialist
- Donor coordination & harmonisation strategic advisor

to more commonly available skills e.g.

- Roads adviser
- Transport planning
- Health educator
- Electrical engineer
- Audit adviser

Recruitment: Currently the mechanism recruits to any sector across the Pacific. Recruitment processes are generally quick (an average of 4 months between AVI receiving a Recruitment Service Order to the deployee arriving in-country)¹⁶. Yet some positions - particularly those requiring complex skill sets such as senior strategic advisors - are hard to recruit. Not all recruits are successful, particularly in terms of having the right technical experience. However, on the whole, the

¹³ Through an AVI contractor in Vanuatu and through HKL (Hong Kong Logistics) consultancy in Nauru.

¹⁴ These issues can include vacation requests, whether the deployee can have free access to skype, a gardener or the expectation that the PACTAM deployee should be provided with an outdoor dining set.

¹⁵ Head Contract 39484 signed between the Commonwealth of Australia and Australian Volunteers International for the Pacific Technical Assistance Mechanism (PACTAM), Schedule 1 p.9.

¹⁶ Average recruiting times are for the period July-December 2010. Data provided by AVI.

skill level of advisors was found by the review team to be reasonable. In questionnaire feedback AusAID staff stated they would re-recruit 77% of the current PACTAM advisers if given the chance. However, in some countries, AusAID staff have been frustrated by employees not meeting professional expectations. The complex mix of recruiting advisers who need cultural awareness plus an ability to perform well in a Pacific Island environment, as well as strong technical skills is not easy. In one Pacific country, a senior AusAID staff member suggested that only 25% of employees are highly effective.

This ambiguity over the effectiveness of recruits was not generally reflected by partner governments who were predominantly appreciative of the advisers' skills. However, as one Government representative commented and many government representatives echoed *"..we are happy with what we get.."*. This may reflect the fact that the employees are essentially 'free goods' provided at no cost to the Pacific Island Governments¹⁷. However, another partner government representative stated *".. we have had three (PACTAM) people in that role. Two out of three were 'misses' and then we had a 'hit'¹⁸. In Pacific style if they are no good, they are tolerated until they leave.."*

The addition of strong technical advisers (whether senior surgeons, financial experts, nurses or senior accountants) on each interview recruitment panel was recommended by many stakeholders as a way to improve recruitment processes. The introduction of psychometric testing in recruitment procedures was also frequently mentioned. Furthermore, many stakeholders, particularly AusAID and Government partners, suggested that probationary periods should become standard procedure and that interviews should be held in the Pacific so that potential candidates have a chance to acquaint themselves with the working situations in question. In one country with a high number of employees, it was also suggested that, if possible, employees should not interview, nor manage, other employees. Further, the interview panels should include government representatives who are nationals from that country, and if possible, the proposed line manager of the employee.

AVI are to be commended for good performance as managing contractor, particularly in addressing the crucial aspects of cultural sensitivity and Pacific relationships – these aspects are all too often neglected. However, there are concerns over the degree of national ownership over recruitment and employee management. These are crucial elements under international aid effectiveness agreements and the Cairns Compact, and PACTAM as currently configured does not conform to the changed operating environment for aid.

2.4 Is gender integrated into the PACTAM mechanism?

A gender sensitive approach was found to be integrated in the PACTAM mechanism. Throughout the period of the PACTAM contract, AVI has endeavoured to encourage gender awareness. All employees attend the pre-departure briefing of which an important element is gender awareness in work situations. Gender is incorporated into reporting formats and where relevant and possible, gender is also incorporated into employees' job descriptions/TORs; for example in the Solomon Islands, gender

¹⁷ As noted in AusAID Advisers Review, there is often limited discussion of opportunity cost of using advisers with partner governments (p.11). As a result advisers tend to be considered a 'free good' by partner governments.

¹⁸ Two former PACTAM employees had left early from this position. Neither had left 'hand-over notes' or had filed details of the work that had been completed.

awareness is integrated into the TORs for all the health sector positions. In questionnaire feedback, AusAID posts rated deployees' gender sensitivity as between adequate (4) and good (5). Most AusAID staff commented that they were happy with the gender sensitivity of deployees and had no cause for concern. It should, however, be noted that over 75% of deployees since 2006 have been men (see box below). Women have not typically been recruited to fill positions generally stereotyped as male.

In some positions, individual PACTAM advisers have themselves proactively sought to influence systems and processes which disadvantage women. In Nauru, the Health Educator is actively engaged in supporting young women to come forward to be trained as health care workers and proactively helping them overcome barriers to inclusion. In Vanuatu, PACTAM doctors proactively encourage women as well as men to come forward for training so that they can fill skills gaps in the workforce; and in the Solomon Islands, one deployee has implemented systems which encourage transparent processes for the selection of community contractors for labour based road maintenance. Gender has been the focus of this deployees' engagement in the Solomon Islands and during his contract he trained women, as well as men, to prepare expressions of interest for labour contracts on roads. In these trainings just under 29% of trainees were women. However, one sixth of all contracts and 40% of all income generated from labour based road maintenance contracts went to women over AVI's reporting period.

Gender balance

Of the 120 PACTAM deployees in the review period

- 24% are women
- 76% are men

2.5 How effective is PACTAM's contribution to sustainable capacity building in the region?

Capacity building does not strongly feature in the Head Contract,¹⁹ nor is it an overt objective. Indeed PACTAM was devised in 2006 as a **capacity supplementation** mechanism rather than a **capacity development** mechanism²⁰. Despite this, the managing contractor has endeavoured to ensure that capacity building strongly features in deployees terms of reference. Capacity building awareness is given in pre-departure briefings, capacity building goals are set for each assignment, support visits encourage capacity development and AVI are working on a sustainability matrix which attempts to address the issue of how PACTAM placements could be transitioned to local ownership.

The review found that 45% of PACTAM deployee respondents perceive their role as principally **capacity building**; 35% view their role as principally **capacity supplementation** and 19% of deployees perceive their role as **equally covering both**²¹. However, despite the high proportion of deployees in

¹⁹ Capacity building is defined as 'the process by which people, organisations and society as a whole develop competencies and capabilities that will lead to sustained and self-generating performance improvement' (AusAID 2008).

²⁰ PACTAM's principle objective is to respond to requests from partner governments in Pacific countries for technical assistance, goods or equipment of an emerging or urgent nature in an effective, efficient, timely and appropriate manner. Capacity development is mentioned as a bullet point (6.1.4. k) in the contract as something to which deployees should have a strong commitment (P4).

²¹ There are currently no official figures determining which positions are predominantly capacity building.

a principally capacity development role, the review team found that deployees face many barriers to engendering sustained capacity development.

In line with current literature on capacity development²², the review team found that a myriad of factors affect capacity change. Capacity development is not simply the result of lone interventions bought about by single individuals. PACTAM deployees find themselves in complex human and social systems influenced by culture, politics and history. In these situations they aspire to do their best to apply good practice, training and mentoring for a fixed period of time. Where situations are favourable (see below) some significant and sustainable exchange of skills occurs. However the review team found that deployees' capacity to influence long-term sustainable capacity changes were inevitably restricted, as the mechanism has not been set up to encourage a sustained capacity development approach.

Factors influencing capacity development

Where deployees are able to influence capacity change a particular set of factors come into play. A dominant factor is the leadership of the partner government line manager in initiating a longer term, capacity development process, in which the deployee is but one element²³. In these situations the deployee typically (but not always) sits outside of the line management and is seen as one resource to be drawn upon to provide strategic input, training and/or guidance to local staff already working in the department. In this way the deployee is not sucked into the maelstrom of the working environment ('fire fighting' as it was frequently termed by deployees) but is specifically tasked to provide strategic/training inputs which are supported by other ways.

Other factors are also important in influencing capacity development. A particularly strong influence is the skill set of the deployees (see box). The review team found that deployees who had previous training/mentoring skills in adult education were better equipped to share skills/mentor others. Equally, in some settings, the deployees' knowledge and experience of working in the Pacific was significant. For example in Vanuatu, the ability of Pacific Islanders (in particular Melanesians) to develop rapport and share skills with counterparts/teams was particularly remarked

Deployees' skill set is important

".. You need strong people who understand adult education.."
(Partner Government)

".. It's important that she is a Pacific Islander. She's used to the Pacific culture. The fact that she's from XX is a plus. She attends church and fits in well.."
(Partner Government)

".. In Melanesia people are shy. They don't talk much. You can get someone who scares people off. They have the knowledge but it's hard to communicate..."
(Partner Government)

".. Unfortunately the counterpart is afraid of him [the deployee].." (AusAID Post)

²² For example: A Metheson (2011) 'Escaping the capacity treadmill: Time for a more sustainable, cost effective approach to capacity development', Oxford Policy Management. D. Brinkerhoff & P. Morgan (2010) 'Capacity & capacity development: coping with complexity', Public Administration & Development 30 2-10. H. Baser & P. Morgan (2008) Capacity Change & Performance; Study report. European Centre for Development Policy Management. Discussion paper no 59b etc.

²³ This finding tallies with the OECD DAC guidelines which suggest that donors cannot engender capacity change. Capacity change processes have to be primarily led by the development partner with donors playing a supporting role: OECD/DAC 2006 "The Challenge of Capacity Development: Working Towards Good Practice", DAC Guidelines and Reference Series.

upon by the Ni-Vanuatu Government representatives²⁴. Conversely it was pointed out that a lack of ability to understand culture and relate well, significantly hampered communication between the employee and colleagues and hence the transfer of skills (see text box).

Other significant factors found to influence capacity development seemed to be the nature of the skills themselves and the length of time the deployee was in position. 'Hard' or practical skills such as medical or accountancy practices are easier to transfer than 'soft skills' such as systems development or strategic planning. Furthermore, many felt that the longer a deployee was in post, the more chance there was of engendering sustainable skills change. Most deployees felt that assignments are too short. In questionnaire feedback 71% of deployee respondents stated that the length of their assignments is either 'slightly too short' or 'far too short'.

Despite the significant barriers to capacity change, deployees often do what they can to share skills within their orbit. When asked as part of this review how successful they had been in transferring skills so far, 22% of deployee respondents answered 'less than adequate', 29% answered 'adequate' and 39% answered 'good' or 'excellent'²⁵. Furthermore, deployees almost always use their Assignment Support Fund (\$5000) and procurement fund allowances (\$10,000) to buy essential equipment and/or to pay for training courses for their colleagues.

Factors inhibiting capacity development

The barriers to sustainable capacity change were found to be many. By the very nature of the PACTAM mechanism, deployees are often requested to fill gaps where there is a lack of personnel or skills. The shortage of labour in partner governments often means that local counterparts are 'stretched' and/or inadequately skilled to be trained to fill positions. In most situations there was no coherent institutional human resource strategy for the department, meaning no long term strategy for localisation of the PACTAM deployees' position over time. Furthermore, deployees are often recruited for their technical skills and the primary expectation is that they 'get the job done'. Typically they fill demanding positions and their training/mentoring work inevitably comes second.

Factors inhibiting capacity building – perspectives from deployees

".. due to lack of staff, there is no-one to capacity build. Between travel, leave and other commitments, there are not enough staff to work closely with re: capacity building.." **(deployee)**

"The allocated staff are not of high enough calibre and are not dedicated to their roles. The main counterpart is not up to it. The other two have the ability but not the interest or the commitment. They are underpaid and spend work time doing other jobs or tasks.." **(deployee)**

"..I've advocated many external courses that would help train... with specific skills sets, but these fall down due to lack of current available budget or bureaucratic financial rules.." **(deployee)**

".. with immediate fire fighting.. there has been limited opportunity for training.." **(deployee)**

".. the choice of trainees for their timeliness, work ethic and temperance should be considered. It is very difficult to train people who are not there.." **(deployee)**

"..the situation is not as simple as just providing training. Culture, hierarchy, gender, many factors come into play. Dealing with these issues goes well beyond simple concepts of training..." **(deployee)**

²⁴ Interestingly this was not an issue in Nauru.

²⁵ 10% of deployees said it was too early in their assignment to tell.

Ironically it is this tendency to 'get the job done' that, in some circumstances, was suggested to lead to locals doing less – or perhaps the 'undermining of capacity'. In certain situations, locals were said to 'sit on their hands' and allow 'better paid foreigners' to get on with the work. Furthermore, frequently the review team were told that the lack of appropriate local pay scales, career structures and incentives severely hampers the development and retention of locally trained technical staff. Indeed, the barriers and constraints to capacity building are well known. As one partner Government representative said “.. I sense that some PACTAMers are focused on ticking the boxes ...The fuzziest of the boxes is capacity building. The only person who can build capacity is the line manager..” ..

Further, as one deployee explained “...there are serious limitations to capacity building and sustainability. We all know this, but there is a general unwillingness to fully admit it. There is this ideal that a technical adviser can go in for a period of time, do some training, develop some procedures, mentor a counterpart and then return back home with everything permanently 'fixed'. Both sides of the development equation are unrealistic about this. The donor wants to reassure its tax payers that the assistance is temporary, just a bit of help for a short period of time and then everything will be ok. The donor is also anxious not to be paternalistic. The receiving country likes to believe that all their problems will be sorted if only their local people have some (more) training. This neatly avoids addressing the wider problems which may be inhibiting performance in a particular area.”

The barriers to technical advisers building sustainable capacity are well documented in development literature. They are also echoed in AusAID's new operational policy for the use of advisers in the Australian aid program. AVI is aware of the short-falls to capacity development. It had worked to change PACTAM's focus away from capacity supplementation to capacity building. However, without being able to contextualise the requests from partner governments within a broader framework for sustainability, capacity development is, and will continue to be, limited (for further discussion, see section 3 of this report).

2.6 Do partner Governments own the PACTAM mechanism?

Partner governments are appreciative of the PACTAM positions. Deployees fill labour gaps identified by partner government departments and as a result their contributions are highly appreciated. Whether or not the partner Governments feel 'ownership over' or 'effectively manage' the employees is a different question. Ownership is important as it is a central principle of the Paris

Partner Government Ownership?

“.. I think I can best describe ownership as AVI 40%, line manager 55% and AusAID 5%. The fact that I signed a contract with AVI that I am required to submit my project report. Furthermore, all approval for my assignment support allowance and procurement fund have to be submitted to AVI and AusAID for approval..” **Deployee feedback**

“..there is a blurred area of reporting. XXXX sees himself as reporting to AVI as this is with whom he signed his contract..” **AusAID staff member referring to one of the deployees**

“..we hardly have any control over that recruitment process.. and then you have to stick with the person you get. We should shortlist the candidates..” **Partner government**

Declaration on Aid Effectiveness²⁶, the Cairns Compact and the Australia-Pacific bilateral Partnership for Development agreements. Ownership is also linked to effectiveness: if the partner government does not own the process, it is more likely to ignore long term recommendations or changes. In international agreements, Australia has committed to respect partner government leadership of development processes and help strengthen partner government's capacity to exercise it. The review team heard that, although deployees are *de jure* employees of the partner government, the degree of partner government 'ownership' is, in practice, not high.

A factor influencing 'ownership' is the current recruitment process. In line with the PACTAM contract, the managing contractor recruits deployees in Australia on behalf of AusAID. As part of this process, a list of potential candidates is shared electronically with partner government managers who, the review team heard are to a lesser or greater extent involved in shortlisting discussions. Interviews generally take place in Australia, with the partner government manager invited to participate in person or by telephone. Due to the time required for senior civil servants to travel to Australia and perhaps the difficulty in telecommunications from some Pacific countries, the review team found that although the managing contractor invites development partners to the interview and encourage their active participation in the process, partner governments' input into review processes is frequently low. Out of the current deployees, less than half of respondents to the deployee questionnaire (42%) said their manager was physically present in the interview process; 32% said their line manager was involved by phone and over a quarter (26%) said their manager was not involved in the interview at all.

During the course of this review, the review team met one deployee who was living in the country in which she now works, but flew to Australia for interviews. Although it is a small community, she did not speak to her line manager until the first day of work. One AusAID staff member commented that even when partner government representatives physically attend an interview, their input is generally not prominent. At one interview, the partner government representative was only invited to ask questions towards the end of the interview process²⁷. On a couple of occasions, partner governments commented on the difficulties of getting hold of CVs and suggested that they should be involved in short-listing candidates. Indeed in one case, a partner government had protracted difficulty in seeing the CVs of proposed candidates. On this occasion he was cited confidentiality provisions under the privacy act.

Although most PACTAM deployees are given local contracts, some are not (e.g. those based in Nauru). Irrespective of the contract, the review team found that many deployees seemed to experience blurred lines of accountability to all three stakeholders – partner government (as their managers), the managing contractor (as their recruiter and holder of their service agreement) and AusAID as the donor. The degree of 'ownership' plays out in day-to-day management. The review found that partner governments frequently play a 'hands off' role in day to day management. One

²⁶ OECD/DAC Paris Declaration on Aid Effectiveness, March 2005, Paris: Organisation for Economic Cooperation and Development.

²⁷ In one interview the MC apparently led the process with 17 questions before letting the partner Ministry officials ask their own. In this interview it was unclear that the interviewee would be working for the partner government rather than for the MC and that the MC was playing a support role in the recruitment/selection process.

partner government representative complained “..when they need to know about leave entitlement they should ask me, not pick up the phone..”.

Any future mechanism delivering technical assistance to the Pacific needs to address this ambiguity. The approach should strongly encourage greater partner government ownership of recruitment processes, management and performance assessment of advisors (see further points below).

2.7 Does PACTAM have effective Performance Assessment processes?

PACTAM’s performance monitoring processes have not kept up with good practice. In line with the 2006 contract, the managing contractor had (until early 2011) been providing six monthly ‘Country Consolidated’ reports to AusAID giving details on:

- Each assignment for that country;
- Details of placement services and monitoring visits undertaken;
- Individual personnel reports related to that country;
- Summary & analysis of individual placement reports and of other activities focusing on issues and key outputs and outcomes; and
- A schedule of all Service Orders for recruitment and placement of Deployees, and for procurement and other activities, with past, current and future year cost estimates.

Culturally difficult to give direct giving feedback

“... this is a small country, we have to live with each other..”
(Partner government)

“.. it is not our culture to talk badly in front of others..”
(Partner government in another country)

Though well produced, these six monthly reports were lengthy, tended to be activity orientated and were unrelated to AusAID’s Quality at Implementation (QAI) or higher Partnership for Development reporting (PfD) processes. Furthermore these country consolidated reports were predominantly reliant on deployees’ self-assessment processes with comments provided by partner government managers.

The shortcomings of the six monthly consolidated reports were recognised in early 2011. In Amendment 2 to the Head Contract, the managing contractor was asked to provide only annual reports. Increased attention was given to analysis with annual performance assessment processes focusing on deployees’ contribution to Partnership for Development agreements and development outcomes. Assessments are currently made of deployees’ performance after annual ‘round table’ discussions involving the deployee, managing contractor, AusAID and the partner government line manager.

The 2011 changes to PACTAM’s performance processes have received mixed reviews from stakeholders. Deployees and AusAID were supportive of reducing reporting. The performance rating system is seen as useful and the greater focus on development outcomes welcome. However the process of annual ‘round table’ discussions involving all four stakeholders – the deployee, managing contractor, AusAID and the partner government line manager – is very problematic. During the course of this review, Partner governments frequently suggested that in small island settings, it is hard to give critical feedback in front of a deployee and many AusAID staff members suggested that the round table discussions are inappropriate for discussing hard issues such as underperforming

employees. As one AusAID staffer wrote “..I have huge concerns over this Adviser Review process. I sat through a most uncomfortable review where the advisor lobbied the [manager] to increase his ratings. Agreement was made not to change them and then he pursued the matter after the meeting eventually getting XXX to agree to change the ratings. It is so embarrassing for us when we encouraged the Ministry to be frank in their assessments..”

Indeed performance assessment and on-going monitoring will need addressing in any subsequent mechanism. Currently, there is no standard probationary period, nor an easy process for terminating employee contracts as would be appropriate Human Resource practice in Australia. Completion reports and country consolidated reports tend to focus on lessons learnt rather than development outcomes. AusAID staff has sometimes found the lack of due process for addressing underperformance frustrating while partner governments have been more sanguine. As one partner government representative said “.. At the moment if you are not satisfied with a PACTAMer you wait until the end of the contract because of the difficulties of going through the dismissal process. At the moment the decision not to renew a contract illustrates that you are not happy with the performance of the recruit..”

Tighter, clearer procedures are advised. Probationary periods should be introduced and termination procedures clarified. In addition, greater emphasis should be given to partner governments’ supervision/performance monitoring of employees.

2.8 Is PACTAM achieving value for money? What other models, partnerships, facilities offer greater efficiency?

The PACTAM mechanism has filled critical labour gaps in Pacific Island ministries. During the course of the contract, 120 deployees have filled short and long term positions in areas such as governance, infrastructure, finance, tax, education and climate change. As the Managing contractor, AVI has managed the mechanism, adhering as much as possible to good development practice within the confines of the 2006 Head Contract.

Between 2006 and 2011 the PACTAM program cost just over \$24m, plus the management fee. On average, each deployee costs the Australian tax payer just over \$200,000 (over 1.68 years). (see text box Page 16).

When compared to AusAID’s Adviser Remuneration Framework (ARF), the costs of PACTAM compare favourably. An analysis of PACTAM placements since the introduction of the ARF shows that the managing contractor has been successfully attracting deployees for an average of 30% less than the ARF, effectively saving AusAID more than \$77,000 per assignment²⁸. As AVI points out “..the savings for the lifetime of the mechanism would be many millions of dollars..”²⁹. PACTAM’s cost would also compare favourably to services provided by commercial management recruitment agencies.

²⁸ The calculation of the variance (\$77,544.79 as an average across 22 posts), using ARF salary costs (\$259,129.85) as the base, yields a differential of 30%. Calculation: $77,544.79/259,129.85=0.299*100=29.9\%$. Therefore the figure of 30% lower than ARF salary costs is included here. The consultant was unable to conclusively verify that the analysis was based on comparable posts.

²⁹ AVI Auto –Reflection, see Annex 3.

During the course of this review process, the Review Team frequently heard deployees positively compare AVI to commercial recruitment companies with whom they were previously employed. “.. I would like to state my support for their recruitment process and personnel... as XXX was highly professional and a major influence in me accepting the position..” (deployee feedback).

When considering effectiveness, it is also important to look at alternative ways of filling labour gaps in the staffing of Pacific Island Governments. There could be more efficient and effective ways of addressing labour shortages in the Pacific. For example, in Nauru, the review team found that the Nauruan Government was actively recruiting international technical advisers and in-line positions. Indeed many of the senior positions for Nauru’s main hospital (the positions of Surgeon, Physician, OBGYN and Paediatrician) have all been successfully recruited from overseas. The surgeon was recruited from Papua New Guinea and the other three medical specialists from Cuba. The salary paid to these medical specialists was between \$60-70,000 per annum (compared to \$147,000-\$168,000 paid to PACTAM medical specialists in Vanuatu) with additional support for housing and a vehicle provided by the Nauru Government. In addition, expatriate nursing/paramedical staff have been recruited by the Nauru Government for between \$12,000-22,000 p.a. and medical officers have been recruited for \$26,000-\$36,000 p.a. from Fiji, Philippines, Kiribati and Tuvalu.

When asked about the difficulties of recruiting, the Nauru Government representatives were clear. As one said “.. Nauru will always need outside expertise. We can do the recruitment ourselves and of course other [Pacific Island] Governments can recruit also. ... When we recruit our own people.. we won’t recruit when the candidates [at interview] are not good, we make informed decisions..” (Nauru Government). That same Government Minister went on to explain that previous expatriate recruits, who had not been successful in the hospital environment, were ‘managed out’ overtime. Furthermore, he explained that given the advantages of internet recruiting and the strong networks that exist across the Pacific (and elsewhere) international recruitment is not as difficult as it may seem.

Indeed, the review team found that the New Zealand Aid Program directly funded the Nauru Government to recruit legal

**Average expenses for each deployee position
(for 1.68 yr. period)**

Expense Type	Average per position
Accommodation allowance	15,407.38
Dependent Child Allowance	11,595.26
Establishment Allowance	7,285.46
Isolation Allowance	3,241.34
Resettlement Allowance	1,308.18
Supplementary Allowance	154,104.59
Travel & En Route Costs	8,777.32
Grand Total	201,719.53

Different salary scales and packages within countries was raised as an issue

“..the NZ funded recruits have an entirely different package. The standard of housing, cars etc. are very different...” (**external commentator**)

“..the disproportion of how much people are paid is an issue. I’ve recently got back one of our doctors back from the Marshall Islands. We can pay him only \$6000 per year...” (**Partner Government**)

“... the PACTAM package in XXX is more generous than that of the High Commissioner. It has also led to issues with New Zealand which is not providing such a generous package...” (**AusAID staff member**)

“..the salary scale affects [local staff] retention. An intern here gets the same salary as a senior consultant..” (**Deployee**)

advisers and run a flexible approach to recruitment with a sliding scale of managing contractor input depending on the needs of the Pacific partner governments³⁰. The review team subsequently heard that the Tonga Ministry of Health has recruited international staff itself and that international recruitment is happening in Samoa.

The benefits of the partner government being more closely involved in recruiting are interesting: not necessarily for reasons of reducing cost³¹, but for reasons of being able to benchmark international remuneration within country, reduce market distortions and potentially increase partner government ownership. However, the current PACTAM mechanism provides a standard approach of recruitment fee, top-up remuneration and allowances.

All positions are benchmarked against Australian wages and deployee allowances are standardised even though 37% of current deployees are not from Australia. In some countries, the review team heard that the PACTAM 'package' was considered generous. In others, the package is considered by PACTAM deployees as barely sufficient. During the course of this review, the review team heard that jealousies arise though the disparity of wages between local salaries, Australian tax free, benchmarked salaries (including PACTAM) and other locally recruited expatriate salaries. Deployees receiving tax free remuneration, plus access to transport in country and quality housing has in some cases (such as in Nauru) led to discontent.

³⁰ Discussion with Ministry of Foreign Affairs and Trade, New Zealand Aid Programme. It should be noted however that the funding of these positions has been problematic due to lower salaries and generally poorer support packages compared to PACTAM.

³¹ It should be noted that in some situations AusAID staff suggest that low PACTAM rates were a contributor to not getting people who met the selection criteria and suitable to fill the position.

Section 3: Discussion & areas for potential improvements

As this report has shown, PACTAM was found to be delivering internationally recruited staff to fill capacity gaps in Pacific Island Governments. Despite unease over some employees skills, 77% of employees are perceived as successful recruits. PACTAM positions were found to be relevant to Pacific Partnerships for Development agreements and partner government priorities. Partner governments and AusAID Posts are generally appreciative of the mechanism and suggest that capacity gaps are likely to be an on-going feature of Pacific Island governments.

The review team was also asked to assess long term sustainable capacity development. It found that technical advisers do not generally build capacity in partner ministries and departments. A myriad of factors affect capacity change. PACTAM employees find themselves in complex human and social systems influenced by culture, politics and history. In these situations they aspire to do their best to apply good practice, training and mentoring for a fixed period of time. Where situations are favourable some sustained capacity gains do occur³². However, the barriers to sustained capacity change were found to be many. Amongst them, the absence of effective institutional human resource strategies (led and owned by the line manager), adequate local salary scales/opportunities for retaining locally trained staff, employees' heavy workloads, the absence of technically able counterparts etc.

To date the managing contractor has run the PACTAM program following its 2006 contractual requirements. In some ways the MC has made proactive choices to maximise PACTAM's development outcomes for example through supporting gender awareness, capacity building etc. and through proactively recruiting employees who can work effectively in Pacific Island environments.

3.1 Changing expectations of development practice?

Despite the achievements of the current mechanism, the review team found PACTAM should be updated to increase efficiency and to bring PACTAM in-line with current development practice. A number of significant developments have taken place since PACTAM was designed in 2006. In particular, the Australian Government has developed Partnership for Development (PfD) agreements with its Pacific Island partners, it has signed up to the Aid Effectiveness agenda and following AusAID's Advisor Review of 2011, AusAID has developed a policy on the use of advisers (Use of Advisers in the Australian Aid Program – Operational Policy: Advisor planning, selection and performance)³³.

This operational policy was developed following a comprehensive Advisers Review in 2011. It advocates for the careful use of advisers as one aspect of the aid program. The policy aims to put in place ***“..an approach to the use of advisers that is results-focused and demand driven, with expertise increasingly procured directly by country partners through national systems, and nationally managed.”***³³ It stresses that lines of accountability should be clearly specified and that

³² For example where there is strong line management leadership of a capacity development process, where there are trained counterparts, where the deployee has skills/experience of adult training and strong cultural awareness etc.

³³ Use of Advisers in the Australian Aid Program, Operational Policy: Advisers Planning, Selection and Performance Management, Canberra, AusAID, March 2011, Paragraph 2.4. Page 2.

in the first instance advisers should be accountable to, and managed by, the organisation in which they are working. In all situations, this policy calls for a capacity development approach to underpin advisory inputs provided by the aid program. In particular it advocates that technical advisory roles should be positioned within the framework of a cross-ministry or departmental capacity development strategy which is attempting to develop capacity. Hence, while the capacity building contribution of in-line advisers may be modest and time-bound, it is situated within a comprehensive plan combining a range of technical assistance approaches to support broader sustainable capacity gains³⁴. Indeed following the Aid Effectiveness Review³⁵, AusAID are now more focused on results for people rather than simple substitution for short periods which will not bring about the substantive change required in partner governments. The Policy on the Use of Advisers provides minimum standards for advisers planning, selection and performance management. A summary of these are appended as Annex 9.

A second, and important development since 2006, has been the widespread introduction of Partnerships for Development across the Pacific. In 2008, Prime Minister Rudd introduced the Pacific Partnerships for Development in the Port Moresby Declaration³⁶. These Partnerships marked an important change in direction for Australia's aid program. They sought a new "era of cooperation" with Pacific Island nations to be conducted on the basis of partnership, mutual respect and mutual accountability. Each of the subsequent bilateral partnerships encompassed the key principles of Aid Effectiveness as set out in the Paris Declaration (2005) and the Accra Agenda for Action (2008). Important tenets of aid effectiveness include increased ownership by partner countries (and responsibility for) their own development processes, greater alignment of aid with partner country systems, and reduced transaction costs through harmonisation of donor effort and processes. Underpinning these is the adoption of more efficient aid instruments and greater use of government systems.

Each of the Partnership for Development agreements comprises the key principles of aid effectiveness (see text box right). For example, the Australian-Tonga Partnership for Development commits both governments to "*..Increasingly align Australia's aid with Tonga's decision making, finance and procurement systems, and provide support to Tonga to monitor and strengthen these systems over time..*". Similarly, the Solomon Island Partnership for Development commits to strengthening "*..Solomon Islands' coordination and leadership, work towards implementation of the*

Principles of Aid Effectiveness

Ownership: donors have committed to respect partner government leadership and help strengthen their capacity to exercise it.

Harmonisation: donors have committed to reduce fragmentation of aid.

Alignment: donors have committed to align where possible with partner government systems.

Managing for Results: Partners have committed to establish results-oriented assessment frameworks that monitor progress against national and sector strategies.

Mutual accountability: Partner governments and donors have committed to enhance mutual accountability and transparency of development resources.

OECD/DAC 2008

³⁴ Ibid. p.3 Paragraph 3.6.

³⁵ Aid Effectiveness Review – 'An Effective Aid Program for Australia: Making a real difference- Delivering real results'. July 2011.

³⁶ <http://www.ausaid.gov.au/country/PortMorDec.cfm>

Paris Declaration on Aid Effectiveness and Accra Agenda for Action and transparently report on implementation..”³⁷.

3.2 Areas for improvement

Viewed through this lens of current good practice and policy guidelines, PACTAM requires modification. As it is currently configured PACTAM represents a way of working which has increasingly been superseded by new policy and practices under aid effectiveness agreements. The current mechanism addresses capacity gaps in partner governments through an Australian based MC which recruits in Australia, pays Australian benchmarked salaries, visits deployees twice annually and monitors from afar, with separate progress reports sent to AusAID. The partner government is a ‘recipient’ of this mechanism rather than an active player in recruiting and managing deployees.

The review team found:

Ownership: Partner government ownership of the mechanism was not high. Less than half (42%) of line managers were physically present in the interview process (possibly due to the difficulties/time of travelling to Australia to do so). 32% of line managers were involved on the phone and over a quarter (26%) were not involved at all. Many partner governments expressed keen interest in being more involved in recruitment processes suggesting that they should help shortlist and that if interviews were to be held in their country they could be more involved and would choose appropriate candidates³⁸. An additional benefit of holding interviews in country, they suggested, would be that the candidates could familiarise themselves with the conditions in which they would work.

Accountability: Despite deployees being nominally accountable to the partner government, the review found *de facto* accountability is blurred between the managing contractor, AusAID and the partner government. As deployees sign a legal contract with the managing contractor, submit reports to the managing contractor and seek managing contractor and AusAID approval for assignment support allowances and procurement funds, it is understandable that accountabilities are confused.

Managing for results: The review found that partner governments currently play a ‘hands off’ role in deployees’ performance management. Indeed, why manage if lines of accountability are blurred and the MC is playing an active role? There is currently no probationary period, nor clear process for contract termination. Line managers suggested that if deployees do not fulfil expectations then they are tolerated until the end of the contract. By contrast, where line managers have more actively been involved in recruiting international personnel, evidence suggests that partner governments may manage recruits more closely. Newly introduced annual performance assessment processes (involving the deployee in a

Holding interview processes in country

As one partner government representative said and many echoed “.. I think it is a very good idea. [to hold interviews in-country] I have been talking to ADB about recruitment in-country. I would definitely like to see this happening..” (partner government telephone discussion).

“.. it is very possible, if Australia were to give us the money, we could do the recruitment ourselves..” (Partner government, Samoa)

³⁷ Australia – Solomon Islands Partnership for Development. P.2.

³⁸ Nb. Partner government representative frequently inferred that if they were more involved they would be better able to choose candidates who would ‘fit in’ with colleagues and the local culture.

tripartite discussion of performance) are apparently not providing adequate levels of analysis of outcomes. Furthermore the process of tripartite discussions is undermined by the cultural difficulties of line managers providing negative feedback in the presence of the deployee. Current reporting again illustrates an emphasis on reporting deployee activities, rather than an analysis of outcomes or results.

Efficiency: In terms of efficiency, PACTAM may also need updating:

- At the moment, deployees are remunerated at Australian benchmarked wages although over a third (37%) are not from Australia. The review found that where Pacific Island Governments are carrying out their own recruitment, they recruit on the open market at benchmarked international rates which are adequate to attract appropriately skilled professionals to their own country (e.g. Samoa, Nauru, Tonga). In many cases the remuneration is lower (see section 2.8 of this report), particularly for more commonly available skills (e.g. accountants, doctors). However, the aim is not to undermine wages but to attract skilled professionals at international rates which the partner government has duly considered and which are compatible with maintaining high standards of recruitment.
- Secondly, the review team questioned the efficiency of on-going managing contractor pastoral support, finding little evidence that pastoral support increases deployee effectiveness. Currently the managing contractor provides two visits a year to each country to support deployees and in Vanuatu has a resident support person. While pastoral support is appreciated (see section 2.3), it was often not found to be necessary. AusAID staff frequently suggested the level of support would be more appropriate for young volunteers who don't have the experience of mature professionals. Most deployees spoken to verbally during the course of this review suggested that though they appreciated the level of pastoral support, it was not really required³⁹. Many deployees have had previous international professional experience with minimal pastoral care. The on-going support from the managing contractor was found, in some cases, to confuse accountability.

Capacity building: Finally, revisions to PACTAM should address capacity development bringing PACTAM in line with AusAID's policy on the use of advisers. At the moment, deployees' capacity development roles are not clearly defined, nor are they necessarily situated within a framework of a cross-Ministry or Departmental capacity development strategy (see text box below). The review found that expectations that deployees can individually improve capacity development should be extremely modest. A myriad of factors affect sustainable capacity development.

Indeed, if AusAID intends to address capacity building in its program work, a wider range of technical responses are needed to address the deeper issues which undermine capacity development. Support for the role of line managers' in leading departmental capacity development strategies is central to any such initiative. So too would be a range of responses – over the long-term – which may include: twinning arrangements, scholarships, rolling inputs, institutional change management support, training programs, as well as addressing more structural issues such as local career opportunities and salary scales.

³⁹ NB. This question was not included in the questionnaire. Unsolicited comments were made to the review team by deployees.

During the course of this review, most partner governments unequivocally stated that more often than not deployees provide temporary relief to fill capacity gaps. When deployees leave, the capacity gap remains. One senior partner government representative explained “.. *most technical advisers stationed in the department are not stationed for long enough and thus their knowledge and skills are not fully utilised/transferred and even so the priority is to getting the implementation of work done first over the training/advisory aspects of the job..*”

The representative went on to propose that PACTAM could more effectively support capacity development if it were to fund training programs which targeted skills shortfalls in the department such as engineering, finance and management. Furthermore, practical staff exchange opportunities, such as twinning arrangements with departments in other countries, provide on-the-job training which can build relationships and be more sustainable.

Other stories were heard by the review team. In Nauru, the importance of practical on-the-job training as part of an exchange with an Australian utility company was mentioned as the best way to develop local engineering skills. In Tonga, AusAID discussion documents suggest that when considering areas of support, consideration should be given to the benefits of stand-alone in-line ‘rolling inputs’ (e.g. two month on/two month off with work plan and helpdesk function during off periods). In Vanuatu and Nauru, salary scales and career opportunities are often stumbling blocks to retaining local staff. The importance of providing ‘top-up salaries’ to local staff, on-the-job training, exchange visits, volunteers/deployees as well as a range of other capacity development options are essential if a partner government ministry wants to build capacity over the long term.

Capacity development

Minimum standards on use of advisers in the Australian Aid program suggest that advisers’ terms of reference should clearly articulate deployees’ primary capacity role

1. To **substitute capacity** (to help a government in lieu of locally available personnel)
2. To **supplement capacity** (to provide expert advice on a defined area of specialisation not available locally)
3. To **facilitate capacity** (to assist capability development and enhance performance).

Section 4: Conclusions & Recommendations

This review found that, despite reasonable performance by the managing contractor, the terms of the original PACTAM design have been superseded by subsequent policy changes in AusAID.

In terms of the retrospective aspects of this review, the review team found that, in overall terms, PACTAM has been providing a useful service of recruiting staff to fill necessary positions in Pacific Island governments. PACTAM positions are appreciated by partner countries and PACTAM fills an important niche. These positions are relevant to the partner government and the Australian government's priorities and the managing contractor was generally found to have met expectations set out in the 2006 contract. Indeed, in some areas of its work, the managing contractor can be commended - such as proactively inducting deployees in cultural issues, encouraging gender and disability sensitivity and reinforcing capacity development, despite this not being an overt aspect of the contract.

However, the review found fundamental weaknesses in the current PACTAM model. These include issues of blurred accountability, low partner government ownership, as well as questions over efficiency and performance management. At a deeper level, the review questions whether technical advisers can engender sustained capacity gains without attempts to address the wider issues which undermine capacity development and retention in the Pacific.

4.1 Recommendations

This review was tasked to make recommendations for improving the delivery, effectiveness and capacity building efforts of technical assistance personnel to the Pacific, under a mechanism such as PACTAM. In looking prospectively, it is important to delineate the provision of TA (in a reconfigured PACTAM mechanism) from the deeper, more complex, issues of engendering sustainable capacity development. Recommendations for both are discussed separately below.

1: Revise the PACTAM mechanism

The review findings make it clear that the design of the PACTAM mechanism is out of step with recent developments in AusAID policies and the modalities of the aid effectiveness agenda. PACTAM should be revised according to principles of good practice and in line with AusAID's Policy on the Use of Advisers. The following changes to the mechanism are recommended.

Recommendation 1.1 In accordance with the findings set out in this report, the revised mechanism should be guided by the following principles:

- *Greater leadership of the partner government in all aspects of the recruitment and management processes*
- *Clearer lines of accountability to the partner government*
- *Closer engagement between PACTAM and Posts so that TA are part of a coherent aid program overseen within country programs (rather than regionally) in line with AusAID's performance management system*
- *Greater flexibility to tailor the program to different countries' needs*

- *TA remuneration benchmarked against international rates and paid to the TA in-country by the partner government*
- *Clarity of advisers' roles and expectations around capacity building*

In this scenario, the managing contractor's role would change from 'recruiting on behalf of partner governments' (in Australia) to 'supporting partner governments to recruit internationally in their own countries'. In some countries this may require intensive on-going support throughout the process and in others less managing contractor input⁴⁰. These changes should help increase ownership of the mechanism, simplify accountability processes and streamline the TA performance management.

Recommendation 1.2. Ensure the request for TA is partner led. *In accordance with good practice, the initial request for technical assistance should be country partner led, clearly articulated and should be justified as being the most effective response to the result desired.*

Recommendation 1.3. Explore opportunity costs and alternative arrangements. *Each adviser position should be discussed with the full range of costs associated with the adviser position made transparent to the partner government and consideration given to the opportunity cost of different alternative technical assistance options (top up salaries for local employees, international volunteers, young professionals, short-term training, short term TA followed up by desk support etc.).*

- *If a decision is made to recruit international TA, the remuneration should be agreed by the partner government and benchmarked against other international TA in that country (with the advice of the managing contractor). Appropriate levels of remuneration will be necessary to attract the most appropriately skilled candidate from the Pacific region or internationally.*
- *TA should be paid in-country rather than in Australia. The method of payment will depend on fiduciary risks and AusAID's assessment of Partner Government systems. Every attempt should be made to reduce partner government transaction costs.*

Recommendation 1.4. Ensure clarity of the advisers' role and expectations about capacity building. *The design of the advisory position should have clearly articulated, realistic objectives – mindful of the limited capacity changes that can be engendered by one individual in a limited time period. If the adviser is part of a wider development activity, the TORs should show the contribution each adviser is making to higher level, mutually agreed objectives. Where feasible (and if appropriate) consideration should be given to ensuring that the adviser is part of a long term capacity development plan. However, whether or not this is possible, each advisors' TORs should articulate the advisers primary role*

- *To **substitute capacity** (to help the government in lieu of locally available personnel);*
- *To **supplement capacity** (to provide expert advice on a defined area of specialisation not available locally); or*
- *To **develop capacity** (to assist capability development and enhance performance).*

Where the TA's primary role is to develop capacity, much longer term contracts should be given. Furthermore capacity supplementation roles and substitution roles should also be lengthened to

⁴⁰ The level of MC input should be based on a joint assessment of country partner capacity and preferences.

increase effectiveness. Where possible, partner governments should take an active role in putting together the TORs with appropriate levels of input from the managing contractor.

Recommendation 1.5. Lines of accountability should be clearly specified. Advisers should be accountable to, and where possible managed by, the partner government. Their sole contract (and/or service agreement) should be with the partner government. This contract should specify the 'package' that will be provided by the partner government to support that adviser (housing allowance, transport allowance, travel allowances etc.) The partner government should also be supported to provide pastoral care to advisers possibly through subcontracting to local suppliers⁴¹. Support packages should be standardised within country. The contract should also have a specified probationary period, termination clause and repatriation clauses in the event of accidents etc.

Recommendation 1.6. Increase partner government ownership of process. Partner government line managers and their colleagues should lead the adviser recruitment processes to the extent possible. The extent of managing contractor input should be based on a joint assessment of country partner (Ministry or Department's) capacity and preferences⁴². Interviews should take place in the partner country. Advertisements should specify that it is the partner government's recruitment process. As a minimum, the partner government should lead advisers' selection process and be involved in interview processes. An appropriate technical specialist (e.g. a senior surgeon, physician, finance expert) should be invited to support the interview process ensuring appropriate skills levels of the recruit⁴³. While partner governments are expected to take an active role in interview processes, where possible it is advised that a TA should not interview (or manage) another TA⁴⁴. Following recruitment, in-country induction processes should be arranged by the partner government with managing contractor guidance and input as necessary.

Recommendation 1.7. Performance Assessment processes should be simplified. AusAID should have a clear agreement with the partner government over TA performance management. Where-ever possible TA performance management should be led by the Partner Government⁴⁵. In the event of proposed termination, the AusAID post ought to be consulted. Greater emphasis should be placed on analysis of the TA's contribution to achieving outcomes rather than activity monitoring. Reporting should happen annually in-country between the partner government and AusAID, with the partner providing annual assessments on each adviser position (individually or aggregated as appropriate) of their effectiveness including contribution to high level development outcomes and continued relevance. If appropriate the managing contractor could facilitate this discussion. These discussions should be carried out without the adviser present. Where possible, this discussion and reporting should be part of the annual Quality at Implementation reporting process, sector reporting or in

⁴¹ The managing contractor may need to provide support to ensure locally supplied pastoral support is adequate to safeguard the safety of advisers.

⁴² Clearly this depends on the capacity of the partner government and the opportunity cost of greater involvement. During the course of the review, many partner government representatives expressed an interest in being more involved. It should not be assumed that every sector with one country will be comfortable with the same level of support.

⁴³ For example the Pacific Financial Technical Assistance Centre (PFTAC) of the International Monetary Fund could support interviews of senior financial recruits.

⁴⁴ NB. In some countries, for example in Nauru, this may not always be possible.

⁴⁵ This may not always be possible. A brief assessment of the country partner or Ministry's capacity should ascertain cases where this is not possible. In such cases the MC may take a stronger role in performance assessment.

aggregate as part of the Annual Program Performance Report or the Partnership for Development reporting.

Recommendation 1.8. Ensure clarity in the new PACTAM contract. *This review has shown that difficulties arise when the Head Contract is ambiguous. It has also shown how accountability becomes blurred if the managing contractor is involved in pastoral support or in performance monitoring. It will be important in the reconfiguration of the new mechanism to ensure that expectations are clear – both of the partner government and of the managing contractor. This will depend on the capacity of the partner government Ministry/Department. At each step, attention should be given to ensuring Partner government’s ownership of the process while being mindful of the transaction costs of greater partner government involvement.*

Recommendation 1.9. Ensure the PACTAM contract is reviewed/updated regularly to keep pace with internal AusAID developments and changes.

Recommendation 1.10. Decouple the link between MC recruitment/management fee and the number of advisers. *The monetary incentive to recruit advisers was mentioned several times during the course of this review. In the revised PACTAM mechanism, it will be important to decouple the link between the managing contractor’s fee and the number of technical advisers recruited.*

2. Trial new approaches to improve capacity development

The review found that the current PACTAM mechanism is not designed to engender sustained capacity development. Indeed that the issues underlying capacity development and retention in the Pacific are complex. Many factors contribute to capacity shortfalls across the Pacific including ineffective salary structures, absence of career development opportunities, shortages of trained personnel, low populations, the movement of professionals overseas etc. Moreover contributory factors are different between countries and between sectors in countries. A standard response is therefore inappropriate. The PACTAM mechanism, in providing short or long-term technical advisors, is not able to address the range of capacity needs.

Indeed, if you start with the problem of capacity gaps in the Pacific and ask how can AusAID sustainably support partner governments to address these problems - in the light of PfD agreements and aid effectiveness – the answers differ radically from a TA delivery mechanism such as PACTAM.

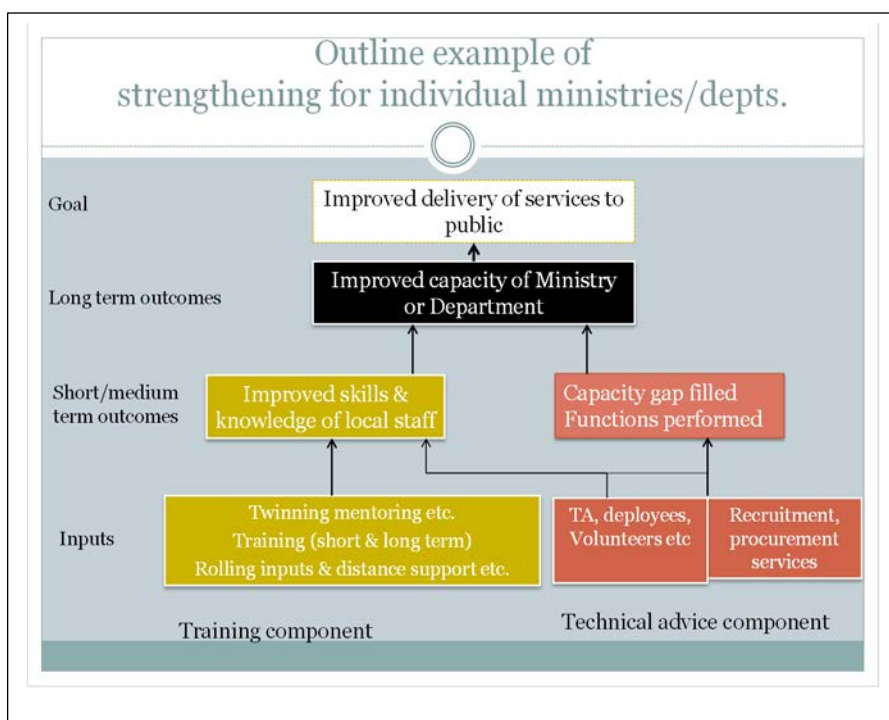
According to partner government representatives, an integrated, longer term response to capacity development would be more appropriate. The principles would be centred on a partner government owned and led capacity development plan. In this situation the role of the service provider or managing contractor would be to support the partner government Ministry or Department to:

- Define the strategic direction and outcomes it is mandated to deliver
- Identify its own capacity gaps and identify the reasons for those gaps
- Explore a range of options (both short term and long term) to address capacity shortfalls and the fundamental reasons for the capacity gaps
- Make informed decisions about the cost/benefit of different capacity development options

- Produce a strategic design outlining the issues, options, cost and expected results of interventions
- Discuss options with AusAID and seek support for short or long term capacity support program
- Source or recruit internationally, regionally or locally for the external input that is needed to put the plan into action (e.g. short term training, twinning, peer support, volunteers, technical advisers, rolling advisory input, telephone mentoring, exchanges visits etc.)
- Support the partner government, where possible, to address some of the wider issues undermining capacity retention
- Support monitoring and reporting annually to AusAID as part of SWAp reporting or the PfD assessment process on the performance of the capacity development approach.

In this situation TA would be one aspect of a multifaceted response to capacity gaps (see diagram above). It should be noted that it not suggested that the managing contractor, who leads on PACTAM, should also lead on capacity building work.

This would lead to conflicts of interest.



Recommendation 2.1. Trial new approaches to capacity development. AusAID should trial different approaches to capacity building, led by Post in-country. These approaches should build on learning from other OECD/DAC bilateral agencies as well as AusAID's experience. It will be important to ensure the strong involvement of Human Resources and Capacity Development specialists in the managing contractor team as well as the inclusion of the partner government's Public Services Commission as part of the process.

Conclusion

As AusAID scales up its aid program to 0.5% of GNI in 2015, it is imperative to ensure that partner governments in the Pacific have the capacity to govern effectively and accountably, including delivering public services to their people. As the review team found, capacity gaps are common. Reconfiguring PACTAM to support Pacific partner governments to recruit TA is important, as international TA is likely to be needed for the foreseeable future. However, this will always be a partial solution. A mechanism such as PACTAM will remain an important tool that is primarily aimed at capacity substitution, while supporting some skills enhancement as part of its function.

At the same time, therefore, given the scale of AusAID's aid program in the Pacific, it is important to address the deeper issues – the areas of insufficient capacity of some partner government's departments and ministries to meet expectations set out in jointly agreed partnership agreements. Some AusAID country programs are working on this. Others are not. At some point, AusAID needs to address this issue. An integrated approach to capacity development is needed to provide the framework and context within which mechanisms such as PACTAM can contribute.
