

# Management Response

This is a joint management response of the Australian Department of Foreign Affairs and Trade, the New Zealand Ministry of Foreign Affairs and Trade and AECOM (the managing contractor) for the Pacific Horticultural and Agricultural Market Access program (PHAMA).

PHAMA is one of Australia's flagship aid-for-trade programs aimed at helping Pacific Island Countries (PICs) manage the regulatory aspects associated with exporting primary products, including fresh and processed plant and animal products. In particular, it aims to increase the exports of high value primary products.

We welcome the positive assessment of PHAMA, and agree that the program has largely achieved its primary objective of helping PICs increase market access for their agricultural and horticultural exports. We also recognise that the program has evolved considerably since its inception and has achieved good development gains. We agree with the evaluation team that the modality of a regional hub with individual country activities is a model that is efficient in delivering results.

PHAMA is highly relevant to Australia's and New Zealand's shared interest in sustainable economic development and poverty reduction in the Pacific. PHAMA's focus on private sector development also makes the program a key part of our aid-for-trade support. We are encouraged that Pacific Island stakeholders find that the program meets a strategic need within PICs and that it occupies a space where few other development partners are operating.

Australia and New Zealand are committed to continuing to support the development of agricultural exports from the Pacific after this phase of the program concludes. In designing a successor program, we will incorporate the lessons of the program's first two phases. In particular, we will ensure that the future program has a stronger focus on gathering data to demonstrate results and on promoting women's economic empowerment.

## Individual Management response to key recommendations

Ref.	Recommendation	Response	Actions	Responsibility
<b>Recommendations for the remainder of the Program (PHAMA Phase II)</b>				
92.	The Independent Review Team recommends that at the end of the current program, a new follow on program is implemented and that preparation work for this begins as soon as possible.	Agree	DFAT has commenced the internal approval process for the design of a new program to follow-on from PHAMA.	DFAT in collaboration with MFAT

93.a	Mobilise, as quickly as is practical, a design mission for a new follow-up program.	Agree	DFAT has commenced the internal approval process for the design of a new program to follow-on from PHAMA.	DFAT in collaboration with MFAT
93.b	Inform stakeholders at least by the time of the Program Coordination Committee (PCC) meeting in Vanuatu that there will be a follow-up phase to PHAMA.	Agree	DFAT consulted stakeholders at the PCC about our intention to continue support for PHAMA.	DFAT
93.c	If it is apparent that the follow-up program will not be able to start in July 2017, establish a bridging arrangement.	Agree	DFAT is working on a bridging arrangement and will advise stakeholders once a new program is approved.	DFAT
94.a	Continuation of the gender analyses of commodities and industries that are considered economically viable for export development and pathway maintenance with a potential for women's economic empowerment and identify a few entry points that can be pursued in the next program.	Agree	The Program Management Office (PMO) continues to actively analyse commodities that could be considered viable for export development for women's economic empowerment.	AECOM
94.b	Commit resources to organise existing data in a comprehensive and systematic way.	Agree	The PMO has commissioned an Impact Report to be published by May 2017 which will present the existing data with the aim of demonstrating the developmental impacts of the program.	AECOM
94.c	Commission initial background work for a new program that may include work on the program logic and monitoring that links activities to goals.	Agree	DFAT has commenced the internal approval process for the design of a new program to follow-on from PHAMA.	DFAT in collaboration with MFAT
94.d	Carry out a feasibility study to examine the potential for trade in agriculture, forestry and fisheries commodities among the PICs.	Partially Agree	DFAT will review existing studies in the design of the new program, but will focus on completing commissioned activities in the current program.	DFAT in collaboration with MFAT
94.e	Continue the market sector studies, for example in handicrafts.	Partially Agree	DFAT will review existing studies in the design of the new program, but will focus on completing commissioned activities in the current program.	DFAT in collaboration with MFAT

94.f	For PNG, given the late start and large budget, activities should focus on laying the foundation for the follow-up program.	Agree	DFAT (PNG Post) and PMO will focus on implementing foundation activities in PNG for the remainder of the current program.	DFAT PNG and AECOM
95.a	Finalise and endorse Market Access Working Group (MAWG) and Industry Working Group (IWG) sustainability road maps and schedules.	Agree	PHAMA has completed and endorsed the sustainability roadmaps of all the MAWGs and IWGs (with the exception of Fiji).	AECOM
95.b	Begin implementing practical steps in the sustainability road maps, facilitated by the National Coordinators and supported by the PMO.	Agree	The MAWGs and IWGs are now in the process of implementation of the recommendations. The PMO continues to support them implement the sustainability road maps.	AECOM
<b>Recommendations for a Future Program</b>				
97.	Review and expand the scope to focus on export market development in agricultural value chains that have shown potential for being commercially viable. Within such an objective, the program should maintain flexibility to address issues along the value chain that constrain agriculture export development.	Agree	DFAT to address with the Design Team the expansion of the scope to focus on export development in agricultural value chains.  Australia and New Zealand hope the new program will be a key mechanism in the delivery of commitments under PACER Plus. To this end we will work closely with PACER Plus parties in the design of the new program.	DFAT in collaboration with MFAT
98.	Such a program should continue to focus on maintaining and developing new pathways in the six main PICs. In addition to targeting markets in New Zealand and Australia, the scope should allow other countries to be considered where potential export pathways exist.	Agree	The current program already supports market access into other markets. Nevertheless, DFAT will instruct the Design Team to consider how to best maintain and develop export pathways for the six main PICs.	DFAT in collaboration with MFAT

99.	The new program should take a multi-country approach with a regional PMO hub supporting the country programs and mainstream Monitoring and Evaluation (M&E), gender and social inclusion into the new program as well as include program management and private sector marketing skills	Agree	The current multi-country approach supported by a regional PMO hub has proven to be an effective and efficient use of resources, and something that DFAT would like to continue in a new program. Further enhancements will be sought during the design process to improve this model.	DFAT in collaboration with MFAT
100.	The PMO should be strengthened with additional resources to mainstream M&E, gender and social inclusion. Furthermore, consideration should be given to changing the composition of the PMO to include more program management and private sector marketing skills.	Agree	The PMO has staff with significant trade and private sector development experience.  DFAT will ensure that any new Program will recruit people with appropriate private sector development, trade, M&E and gender skills to ensure that these areas are adequately covered in the new program.	DFAT in collaboration with MFAT
101.	Outside of a range of core functions, the new program should seek to deliver services through strategic partners. To enable this, consideration should be given to allocating resources to manage and develop collaborative approaches and/or strategic partnerships and coordinate with other partners in the delivery of solutions along the value chain.	Agree	While PHAMA currently has established partnerships with strategic partners, DFAT recognises that any future program will need to balance this support provided by the new program (through a PMO) against the outsourcing of services through the program's collaboration with partners.	DFAT in collaboration with MFAT
102.	DFAT's Regional Program should continue to encourage DFAT bilateral funding in target countries.	Agree	DFAT's Regional Program will work closely with Posts on bilateral funding for the next phase of the program. This will ensure that a coherent approach is developed to enable the program to operate effectively and efficiently.	DFAT (and Posts) in consultation with MFAT

102.	Consideration should also be given to higher level dialogue and coordination of several DFAT funded programs as well as other funding through multi-donor trust funds, that all occupy the private sector – rural/agricultural development space.	Agree	Coordination between programs that work in similar spaces is important to minimize duplication and deliver on investments. Strategic discussions and collaboration is important and will be considered in the development of a new program.	DFAT and MFAT
102.	The DFAT/MFAT partnership should be encouraged to continue and consider moving to a multi donor Trust Fund arrangement, allowing the potential for other donors to come in.	Disagree	<p>New Zealand’s contribution to PHAMA is managed under a Delegated Cooperation Agreement between DFAT and MFAT. This arrangement works well. DFAT will consider options to strengthen the engagement with MFAT on the strategic oversight of PHAMA.</p> <p>We have consulted other donors about the possibility of them providing additional funding to PHAMA. There has been no interest to date. As such, a multi-donor trust fund is not required at this time. This option will be considered in future if other donors express interest in supporting PHAMA.</p>	DFAT in collaboration with MFAT
103.	A new PHAMA program should continue to support the public-private working groups over the life of the program and encourage other sources and mechanisms of support to be developed (including other donors, government and industry support).	Agree	<p>Continued engagement with public-private working groups such as the MAWGs and IWGs is an important approach that has contributed to the effectiveness of this program.</p> <p>Recognising the sustainability of such mechanisms, the PMO is currently working with the MAWGs and IWGs to secure other sources of funding and support.</p> <p>Sustainability of public-private partnership structures will also be considered in the design process.</p>	DFAT in collaboration with MFAT
104.	Gender and social inclusion should be integrated into the design and adequately resourced.	Agree	We recognise the importance of incorporating gender and social inclusion in programming and DFAT will address this with the Design Team.	DFAT in collaboration with MFAT

105.	Include as an integral part of the new design a robust results-based monitoring system that is fit for purpose.	Agree	This will be included in the Terms of Reference for the Design Team.	DFAT
106.	Capacity building of SPC for service delivery should be a completely separate program and not part of any future design for PHAMA. However, co-location of the PMO with SPC and regular communication between the two agencies should be encouraged. As the capacity of SPC improves, the links between the two agencies should be revised.	Agree	DFAT will consult with SPC on the design of a new program and consider how best to support capacity in SPC.	DFAT
107.	<p>More detailed design considerations include:</p> <ul style="list-style-type: none"> <li>• Development of new and maintenance of export pathways takes a long time, and therefore, based on lessons learned, consideration should be given to making a new program a four plus four-year program;</li> <li>• To reflect the shift in scope, review the composition, role and frequency of meetings of the Program Coordinating Committee; and</li> <li>• In each country that PHAMA operates, and reflecting requirements, provide one or more National Coordinators with appropriate administrative resources. The National Coordinators should preferably come from the private sector with a strong marketing value chain background and ability to network.</li> </ul>	Agree	These issues will be raised for consideration by the Design Team.	DFAT in collaboration with MFAT