Strategic Review

Papua New Guinea and Pacific Islands Umbrella Facility

Final

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Independent Strategic Review Team

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Executive summary

Created in June 2021, the Papua New Guinea and Pacific Island Umbrella Facility (PPIUF) is a multi-donor trust fund that supports broad-based, sustainable, and inclusive growth in Papua New Guinea (PNG) and the Pacific. It aims to strengthen the enabling environment, harness opportunities for economic growth, build human capital and inclusive infrastructure and service delivery, and address the drivers of fragility, conflict, and violence. The facility allows the Australian Department of Foreign Affairs and Trade (DFAT) and the New Zealand Ministry of Foreign Affairs and Trade (MFAT) to back the World Bank's expansion of resources, expertise and efforts in the region. The investment maximises lending and grant opportunities for Pacific Island countries (PICs) and enhances the World Bank's operations in analytical work, capacity building, project preparation and design, and budget support.

This report presents the findings, conclusions and recommendations of a strategic review of Australia and New Zealand's core funding support to the PPIUF, which was conducted from February to April 2025. The review aims to enhance DFAT's understanding and evidence regarding the additionality of PPIUF core funding and to inform DFAT's decision-making about future PPIUF core funding from the 2025-2026 financial year to the 2030-2031 financial year.

Additionality

While it has not been possible to quantitatively define direct attribution, Australia and New Zealand's core funding support to the PPIUF has added value to the World Bank's overall investment in the Pacific Region. This is demonstrated by increased volume and value of investments. As of January 2025, the active World Bank PPIUF portfolio has expanded to 89 operations, with net commitments totalling USD 3.29 billion. It has also led to an increased presence of the World Bank in the region and enhanced engagement with PIC governments.

The PPIUF portfolio was found to be extremely relevant to Australia's efforts in the Pacific and well aligned with the development aspirations and plans of PIC governments. PPIUF supports World Bank efforts across sectors, cross-cutting themes and geographically throughout the Pacific, proving to be flexible to national and regional contexts.

The facility relies on the World Bank's proven systems for project development, implementation, and monitoring. While the Pacific is notoriously expensive to operate in and limited in its ability to achieve scalable outcomes, the core funding support from Australia and New Zealand has made these dynamics feasible and beneficial to partner PICs. Core funding subsidises the World Bank's work in the region, making it more viable to invest in early-stage project development that is better prepared and, consequently, attracting more substantial investments to the region over the long term.

Cross-cutting issues: climate change, gender equality, disability and social inclusion

PPIUF has enabled the World Bank to improve the quality of its gender equality analytics and advisory support and for operations to reach internal gender tag targets in the Pacific. However, gender tagging which is undertaken at design stage does not measure performance on closing identified gender gaps during project implementation or the project's contribution to the achievement of gender equality outcomes at completion.

PPIUF core funding for the Gender Equality Program of Advisory Services and Analytics (PASA) has informed its work on gender equality. Still, more investments are required to ensure the aspirations of gender equality are realised through World Bank programming in the region.

There is no evidence that PPIUF core funding has been used to enable the World Bank to implement its commitments to disability inclusion. Moreover, core funding has not been used to address the social inclusion of other marginalised populations, such as those facing exclusion due to their sexual orientation, gender identity or expression.

The World Bank has been responding well to the increasing demands to address the challenges of climate change and promote climate resilience in the Pacific Region. Many PIC governments suggest climate change is their most important development priority. The PPIUF integrates climate concerns by focusing on resilience, risk assessment and capacity building, ensuring that climate considerations are central to its planning and implementation processes. It has mainstreamed climate change interventions into its operations, leveraging resources from other development partners. All PPIUF projects are screened using the World Bank's Climate and Disaster Risks Screening Tool to assess exposure and risks and identify risk mitigation measures.

Mechanism for Australia's Pacific funding

The PPIUF is a valuable mechanism for Australia's Pacific funding to the World Bank. Although other potential mechanisms, such as increased support to the International Development Association (IDA), may incur lower overhead and transaction costs for operating in the Pacific, such alternatives would not address the structural challenges that the World Bank confronts in the region and would be less focused on overcoming those constraints. Therefore, discontinuing support for the PPIUF would detrimentally affect the quality (and quantity) of Bank operations in the Pacific.

The major advantage of supporting development in the Pacific through the PPIUF is that it increases the World Bank's capacity for preparing early-stage project design and documentation. Support to PPIUF core funding supports analytical studies and consultations with PIC governments and other stakeholders, leading to feasible, bankable project documents.

Because the PPIUF is a World Bank facility, it relies on the World Bank reporting and management systems. These are robust, generally transparent and well-regarded. The governance arrangements are efficient and manageable. However, the main problem with these arrangements concerns the quality and frequency of reporting. In addition, concerns have been raised regarding the limited engagement between the World Bank and the Australian and New Zealand Posts at the country level.

While the fungibility of core funding support makes it challenging to determine where funds are directly spent (e.g., the number of staff), this issue is further exacerbated by the lack of consensus on the outcomes of core funding. The PAF is fundamental to any agreements regarding program reporting, the theory of change, and the incorporation of critical cross-cutting issues, such as gender equality, disability inclusion, and climate adaptation.

More strategic engagement between the World Bank and the Australian and New Zealand Posts at the country level would support broader communication of PPIUF additionality and opportunities for coordination.

Recommendations

Recommendation 1: Continue PPIUF core funding at AUD 5 million annually to June 2031.

Recommendation 2: Australia, New Zealand and the World Bank should invest in better information sharing and engagement at the country level in all PICs, with one-day retreats held annually in Fiji, PNG and the Solomon Islands.

Recommendation 3: DFAT, MFAT, and the World Bank urgently finalise the PAF. This should include agreements on the PPIUF outcomes, outputs, indicators, and reporting cycles, all of which should include indicators and targets related to gender equality, disability inclusion and climate adaptation. While the PAF will accommodate projects co-financed by Australia and New Zealand, it should also include indicators related to PPIUF core funding.

Recommendation 4: DFAT, MFAT, and the World Bank formulate a PPIUF sustainability strategy by July 2026 that analyses the dynamics of its long-term sustainability and presents an approach to exiting from core funding support from June 2031 onwards. The World Bank should commission this strategy, which would then be endorsed by the Partnership Council by December 2026.

Recommendation 5: DFAT review the design of the PPIUF to ensure it is a flexible mechanism for Australian Government support for preferenced projects in the Pacific.

Recommendation 6: World Bank to review the scope and resourcing of the Gender Equality PASA and investigate other avenues to increase the presence of gender experts in the region, respond to demand for increased technical expertise for analytics and operations, and pivot to support the implementation of the World Bank Group Gender Equality Strategy (2024-2030).

Recommendation 7: World Bank and PPIUF donors to consider the pros and cons of shifting the Gender Equality PASA out of core funding and into preferenced funding or creating a supplementary preferenced gender equality project where the engagement with PPIUF donors, scope for country-specific alignment and partnership, and visibility of deliverables would be stronger.

Recommendation 8. The World Bank should consider developing a standalone disability inclusion PASA focused on supporting the implementation of the World Bank Disability Inclusion and Accountability Framework in selected sectors in the Pacific, with specific consideration given to data and infrastructure.

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List of abbreviations

Abbreviation	Definition
ASA	Advisory services and analytics
AUD	Australian Dollar
CAUSE	Community Access and Urban Services Enhancement Project (Solomon Islands)
CMU	Country Management Unit
COVID-19	Coronavirus
DFAT	Australian Department of Foreign Affairs and Trade
DPO	Development Policy Operations
EAP	East Asia and the Pacific
EOPOs	End-of-program outcomes
FAO	Food and Agriculture Organization of the United Nations
FIFs	Financial Intermediary Funds
FSM	Federated States of Micronesia
G20	Group of Twenty intergovernmental forum
GBV	Gender-based violence
GEDSI	Gender equality, disability and social inclusion
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEG	International Evaluation Group (World Bank Group)
M&E	Monitoring and evaluation
MFAT	New Zealand Ministry of Foreign Affairs and Trade
OECD-DAC	Organization for Economic Cooperation and Development Donor Assistance Committee
OPD	Organisations of Persons with Disabilities
PAF	Performance Assessment Framework
PASA	Program of Advisory Services and Analytics
PF4	Pacific Facility 4 (2014-2023)
PIC	Pacific island countries
PNG	Papua New Guinea
PPIUF	Papua New Guinea and Pacific Islands Umbrella Facility
RMI	Republic of the Marshall Islands
UGFE	Universal Gender Equality Fund
USD	United States Dollar

1 Introduction

1.1 Papua New Guinea and Pacific Island Umbrella Facility

The Papua New Guinea and Pacific Islands Umbrella Facility (PPIUF) is a multi-donor trust fund that supports broad-based, sustainable, and inclusive growth in Papua New Guinea (PNG) and the Pacific. The facility enables the Australian Department of Foreign Affairs and Trade (DFAT) and the New Zealand Ministry of Foreign Affairs and Trade (MFAT) to back the World Bank's expansion of resources, expertise, and efforts in the region. The investment maximises grant and lending opportunities for Pacific Island countries (PICs) and enhances the World Bank's operations in analytical work, capacity building, project preparation, design, delivery, and operational support.

The PPIUF was preceded by the Pacific Facility 4 (PF4), a multi-donor trust fund established in July 2014 in partnership with DFAT and MFAT to shape and accelerate economic growth and poverty reduction in the Pacific Region, including through increasing trade, encouraging investment, and creating jobs. PF4 supported only World Bank-executed activities such as lending and project preparation, supervision, and implementation of World Bank operations, advisory services and analytics (ASA). It provided operational support for staff, consultants, and other costs in 12 PICs. After two extensions, including one due primarily to the coronavirus (COVID-19) pandemic, the PF4 closed in December 2023.

The PPIUF was created in June 2021 as the successor to PF4 and is expected to continue through June 2031.[1] The PPIUF's objectives include:[2]

- Strengthening the enabling environment (governance, macro and fiscal resilience, public financial management and statistical capacity building).
- Harnessing opportunities for economic growth (agriculture, blue economy, labour mobility and tourism).
- Building human capital and inclusive infrastructure and service delivery (education, health, nutrition, digital development, transport, energy, water and sanitation).
- Addressing drivers of fragility, conflict, and violence (protecting vulnerable groups, including addressing gender, climate change, communicable and non-communicable diseases, and institutional capacity building).

The DFAT PPIUF Investment Design Summary (2021) presents five expected end-of-program outcomes (EOPOs) with one additional EOPO added in the latest draft PAF. However, these remain a subject of negotiation between DFAT, MFAT and the World Bank:

1. Strengthened policies and programs in key priority areas.

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[1] Other Australian-World Bank legacy trust funds (separate from the PPIUF) supporting work in the Pacific remain in place until their completion, and Australia will continue to support broader World Bank efforts (beyond the Pacific) through its IDA contributions and global/thematic trust funds.

[2] Australian Government (2021) *World Bank Pacific and Papua New Guinea Umbrella Facility (PPIUF); Partner-Led Design – Investment Design Summary*, DFAT, Canberra.

2. Strengthened investment projects in key priority areas.
3. Improved investment project readiness for implementation.
4. Deepened and increased sharing of knowledge and expertise in key priority areas in the region.
5. Improved client country capacity in project management.
6. Enhanced client country capacity in project procurement.

The key outputs of the PPIUF include project preparation and implementation documents, analytical work and capacity-building activities.

The PPIUF was established to provide support for:

- Fit-for-purpose analytical work, investment projects, and budget support operations in PNG and the Pacific.[3]
- An enhanced presence of the World Bank in the region.
- Sustained client capacity building, including data, policymaking and project management.

The proposed EOPOs were anticipated to contribute to broad-based, sustainable, and inclusive growth in PNG and the Pacific.

Through the PPIUF, Australia and New Zealand support:

- Bank-executed (World Bank implemented) and recipient-executed (i.e., recipient government implemented) initiatives.
- Core funding of World Bank operations in the Pacific, including staffing, office costs, advisory services and analytics, country monitoring and operation support activities, and project identification, design, implementation, and supervision support (AUD 25 million committed and paid to date and does not include core funding provided by New Zealand, see Table 1.); and
- Soft-earmarked funding (referred to henceforth as "preferenced" funding) for specific projects across numerous thematic areas and Pacific Island countries. Australia has supported 16 preferenced projects (i.e., AUD 127.6 million committed and AUD 98.6 million paid to date), while New Zealand has supported two.

The PPIUF provides Australia with a "one-stop-shop" for supporting the World Bank's work in the Pacific across all PICs and thematic areas. As an all-encompassing vehicle for DFAT's funding to the World Bank in the Pacific, the PPIUF seeks to improve strategic alignment, increase efficiency, reduce fragmentation and transaction costs, and enhance management oversight. The DFAT PPIUF Investment Design Summary (2021) outlined the rationale behind its support for PPIUF as investing in proven World Bank multi-donor financing approaches alongside other like-minded development partners, enhanced by analysis and technical inputs on key issues such as gender equality. DFAT aims to maximise trusted lending, project and grant deliver, and high-quality development opportunities in PICs.

[3] Including but not limited to technical assistance, preparation support, implementation support, and grant financing or co-financing of investment projects.

Additionally, Australia, New Zealand and the World Bank describe the high cost of operating in the Pacific. Indeed, the World Bank suggests the cost of working in the Pacific is notably high due to several factors, and the costs associated with the World Bank's supervision of projects in the region have increased. Travelling to the North Pacific, which often involves longer and more expensive routes, can be approximately three times higher than travelling to Fiji or Samoa.[4] In addition, the operational resources for the World Bank are allocated to each region and then to the Country Management Unit using a formula based on population size and income per capita, among other factors, which does not adequately account for the unique challenges faced by small island states in the Pacific. The result of this is that the World Bank's allocated budget does not fully cover the costs of aid delivery.[5] Moreover, the World Bank claims that the limited pool of expertise in the region, coupled with the high costs of travel and supervision, presents challenges in delivering effective outcomes in the Pacific.[6] Thus, core funding support is considered important because it subsidises the work of the World Bank in the region, making it more feasible to invest in early-stage project development and, thus, crowd in larger investments to the region over the long term.

Australia has committed and paid AUD 25 million in core funding to the World Bank through the PPIUF between 2020-21 and 2024-25 Financial Years (i.e., AUD 5 million per annum) to support its Pacific operations. However, a decision on DFAT's future core funding commitments post the 2024-2025 Financial Year (i.e., until the PPIUF's conclusion in 2030-2031) has not yet been made.

The table below presents the DFAT and MFAT PPIUF contributions from May 2021 to June 30, 2024.

Table 1. DFAT and MFAT PPIUF contributions May 2021 to 30 June 2024 (in millions of USD) for Core Funding

Donor	USD	AUS/NZD
DFAT	17.36	AUD25.00
MFAT	14.81	NZD24.00
TOTAL	**32.17**	**-**

4 World Bank (2025) *PNG and Pacific Islands Umbrella Facility 2024 Annual Progress Report*. March. Data as of December 2024, World Bank Group, East Asia Pacific, Sydney.

5 Australian Government (2021) *World Bank Pacific and Papua New Guinea Umbrella Facility (PPIUF); Partner-Led Design – Investment Design Summary*, DFAT, Canberra.

6 Tobin, R.J. (2024) *Evaluation of the World Bank's Pacific Facility 4 Multi-Donor Trust Fund and the Papua New Guinea and Pacific Islands Umbrella Facility Multi-Donor Trust Fund*, October.

Table 2. DFAT and MFAT PPIUF contributions May 2021 to 30 June 2024 (in millions of USD) for Preferenced Funding

Donor	USD	AUS/NZD
DFAT	68.98	AUD95.40
MFAT	3.32	NZD5.40
TOTAL	**72.30**	**-**

Table 3. DFAT and MFAT PPIUF contributions May 2021 to 30 June 2024 (in millions of USD) for Total Funding

Donor	USD	AUS/NZD
DFAT	86.34	AUD120.40
MFAT	18.13	NZD29.40
TOTAL	**104.47**	**-**

Source: Provided by World Bank, 30 June 2024.

Core funding does not require donors' approval before committing or disbursing these funds. This funding supports:

- The World Bank's preparation and design of its lending operations and projects, including efforts supported by the International Development Association (IDA), such as developing project appraisal documents for presentation to and approval of grants and loans by the World Bank's board of directors.
- Staff time and travel for the World Bank's supervision and implementation of its operations in PICs.
- Advisory services and analytics (ASA).
- Knowledge and monitoring.

The original program design anticipated that core funding contributions would cover approximately 40 per cent of the World Bank's Pacific portfolio-wide costs for preparing new IDA grant and credit-financed activities, supervising existing and expanding investments, and various analytical, capacity-building, safeguards, and fiduciary support activities. Additionally, it would enable the World Bank to enhance its presence in recipient Pacific countries, including by opening offices in Vanuatu and FSM, recruiting more specialists, and better managing the increased volumes of concessional funding that will be made available.

In 2023, the World Bank commissioned an evaluation of the PF4 and PPIUF, providing a summative evaluation of the PF4 and a formative review for the PPIUF. The DFAT 2021 Investment Design Summary foreshadowed the evaluation and described as an independent evaluation that the World Bank would manage. It was suggested that DFAT and MFAT "may discuss a more independent approach."[7] The current review builds on the 2024 evaluation to help inform the next steps for DFAT support. The text box below briefly summarises the 2024 evaluation findings and recommendations.

[7] The Investment Design Summary also indicated that DFAT would have the opportunity, through the Partnership Council, to ensure the evaluation meets DFAT's information and reporting needs. The evaluation was to inform a second five-year phase of DFAT's support to the PPIUF. There may be separate evaluations of specific projects undertaken by the World Bank or DFAT.

1.2 PF4 and PPIUF Evaluation 2024 Highlights (Tobin, 2024)

The evaluation provided a systematic and objective assessment of the PF4 and PPIUF in meeting their shared development objectives, namely economic growth and poverty reduction in the Pacific Region. The evaluative process emphasised accountability, learning and the effectiveness of partnerships between the World Bank and its donors. The evaluation identified four core topics—relevance, effectiveness, efficiency, and sustainability—along with cross-cutting issues such as climate change, gender equality and disability inclusion.

1.2.1 Key Findings

- Relevance. Rated as highly satisfactory. The World Bank's operations align well with the needs and national development plans of Pacific countries.
- Effectiveness. Rated as satisfactory, although concerns were noted regarding the results frameworks and the challenges in linking outputs to outcomes.
- Efficiency. Rated as highly satisfactory. The trust funds provided value for money and enhanced the Bank's regional presence effectively.
- Sustainability. Rated as satisfactory. Continued donor support is expected, but the resilience of investments is uncertain due to local capacity challenges.
- Climate change. Rated as highly satisfactory. Attention to climate change and natural disasters pervades all of what the World Bank does in the region.
- Gender equality. Rated as moderately satisfactory. The World Bank's attention to gender-related issues has not always led to the desired results.
- Disability inclusion. Rated as moderately unsatisfactory. Inclusion has not been a priority of the trust funds or World Bank operations.

1.2.2 Recommendations

1. Develop a comprehensive theory of change for PPIUF that links activities to outputs and outcomes.
2. Improve coordination and communication between the Bank and the donors to foster a true partnership.

1.3 Enhance monitoring and evaluation frameworks to ensure effective tracking of gender and disability inclusion initiatives. Purpose of the strategic review

The Strategic Review aims to enhance DFAT's understanding and evidence regarding the additionality of PPIUF core funding and to inform DFAT's decision-making about future PPIUF core funding from the 2025-2026 financial year to the 2030-2031 financial year.[8]

[8] DFAT had intended to use the findings of the 2024 World Bank commissioned independent evaluation of the PPIUF and its predecessor program, Pacific Facility 4 (PF4), to inform this decision. However, the evaluative evidence (Tobin 2024) was considered insufficient for DFAT's purposes. Note that the term "additionality" means that an intervention will lead, or has led, to effects which would not have occurred without the intervention. This implies that additionality requires establishing a causal relationship between the intervention and

Unlike the PPIUF evaluation that was conducted in 2024, which focused on PF4 and PPIUF in their entirety (i.e. both core and soft earmarked), the Strategic Review focuses on Australia and New Zealand's core funding support. It does not provide a broader assessment of the performance or impact of the PPIUF portfolio (i.e., including preferenced funding). Instead, it is centred on five key questions regarding the strategic relevance and additionality of core funding.

Annex 1 contains the Terms of Reference for the Strategic Review.

As DFAT commissioned the review, it is expected to be the primary audience of this report. However, it is anticipated that MFAT and the World Bank, including PPIUF Management, will be interested readers.

1.4 Scope of the review

The strategic review will help inform DFAT's decision-making regarding future core funding to the World Bank through the PPIUF. The PPIUF Strategic Review seeks to answer five questions and a handful of sub-questions.

1. What is the added value of the World Bank's efforts in the Pacific through the PPIUF (i.e., effectiveness)?
    - Should DFAT continue supporting the World Bank to scale up in the Pacific through PPIUF core funding?
    - Which development outcomes does the World Bank seek to contribute to in the Pacific through the PPIUF?
    - Are these outcomes aligned with priorities for Australia and Pacific Island countries (PIC) (i.e., relevance)?
    - Is the World Bank efficient with the delivery of their efforts in the Pacific through the PPIUF?
2. Is the World Bank adequately addressing cross-cutting issues in the Pacific including climate change, gender equality, disability and social inclusion in its operations?
    - What evidence is there that the World Bank is adequately addressing cross cutting issues including climate change, gender equality, disability, and social inclusion in its operations?
    - How does the PPIUF interact with or complement bilateral Australian investments, other trusts and mechanisms, including Financial Intermediary Funds (FIFs) and IDA to address cross-cutting issues?
3. Is the PPIUF the right mechanism for Australia's Pacific funding to the World Bank?
    - What benefit does the provision of core funding to support the World Bank's work in the region provide above our IDA contribution?
    - Do PPIUF governance arrangements provide adequate management oversight of donor funds?

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the additional effects (i.e., financial, developmental or otherwise) See Winckler Andersen, et al. (2021).

- Should DFAT continue supporting the World Bank's work in the Pacific through the PPIUF?

4. How much core funding, if any, should Australia be providing through the PPIUF to support the World Bank's work in the Pacific?
5. What should the World Bank do more of, or do differently, in the Pacific to deliver better outcomes for PICs, Australia's interests and to strengthen the case for Australian core funding?

2 Methodology

2.1 Approach and methodology

The Review Team's approach to the review has comprised of the following:

- **Review Plan.** The Review Team prepared a Review Plan, which DFAT approved in March 2025. This provided an overall interpretation of the objective and scope of the review and presented the approach and methodology. It also provided an outline for the Review Report.
- **Review of documents.** The team reviewed various documents related to Australia and New Zealand's support of the PPIUF and its programs and projects. This included the initial design documents, annual reports, relevant strategic documents, and specific project-related documents. The list of documents reviewed is presented in Annex 2.
- **Interviews with key informants.** The team conducted online and in-person interviews with informants to collect diverse information on the PPIUF and its operations. This included representatives from DFAT and other Australian Government Departments, MFAT, World Bank PPIUF staff, PIC governments and civil society organisations. The review also conducted a mission to Fiji, Solomon Islands, Canberra, and the World Bank offices in Sydney. A list of the people interviewed is presented in Annex 3.
- **Review of PPIUF portfolio and Australian-funded, "soft-earmarked" or preferenced projects.** While the review has not sought to assess the overall PPIUF portfolio, it has considered the range of supported programs and projects and selected a sample of projects for closer review to understand better the role of core funding in the scoping, design, preparation, and administration of these programs and projects.
- **Review Report drafting and feedback.** Using the structure agreed to in the Review Plan, the team drafted the Review Report, which will be the basis for feedback and further discussion.

The review has drawn on an analysis of quantitative and qualitative data. However, while much of the review has hinged on the additionality created through core funding support to the PPIUF, collecting and assessing quantitative data on this subject has been challenging. The World Bank insists that it cannot isolate the core funding it receives from Australia and New Zealand. Instead, it can only indicate the PPIUF core funding has partially contributed to specific World Bank activities. The extent of this contribution remains largely unknown. Thus, while core funding is more generally a contributor to

World Bank efforts and projects in the Pacific, it has not been possible to isolate and measure this contribution. This reduces the possibility of attributing the benefits of core funding support to any single PPIUF result.

2.2 Report structure

The next chapter, Chapter 3, presents the review's findings based on the themes defined by the review questions.

Chapter 4 presents the review's conclusions by providing summarised answers to the five review questions and their sub-questions and considers the options for the future concerning core funding.

Chapter 5 presents recommendations for DFAT's consideration.

The annexes contain the terms of reference for this review (Annex 1), a list of the documents reviewed (Annex 2) and a list of the people consulted (Annex 3).

3 Findings based on review questions

This chapter presents the review's findings based on the themes defined by the review questions. It is organised into three sections.

Section 3.1 considers the relevance of Australia's support to the World Bank through the PPIUF to Australia's Pacific funding. These findings help determine whether PPIUF is a valuable mechanism for Australia's Pacific funding to the World Bank.

Section 3.2 assesses the additionality of PPIUF core funding, identifies its benefits, and considers whether the PPIUF governance arrangements provide adequate management oversight of donor funds.

Section 3.3 focuses on cross-cutting issues. It specifically considers whether the World Bank adequately addresses cross-cutting issues in the Pacific, including climate change, gender equality, disability and social inclusion, in its operations. This section also considers how the PPIUF interacts with or complements bilateral Australian investments, other trusts and mechanisms, including FIFs and IDA, to address cross-cutting issues.

3.1 Relevance of Australia's support to the World Bank through the PPIUF to Australia's Pacific funding

This section examines the relevance of Australia's support to the World Bank through the PPIUF. It begins with a review of the PPIUF design and its efforts to address the development challenges faced by PNG and the Pacific Region. It then explores the current issues impacting the PPIUF's relevance.

3.1.1 PPIUF Design Relevance

The DFAT PPIUF Investment Design Summary of 2021 describes the program as relevant for PNG and the broader Pacific Region due to several key factors that address pressing development challenges and economic needs. It highlights the region's economic vulnerability due to the small size of PICs, geographic dispersion and reliance on a narrow range of economic activities, particularly tourism and commodity exports. The PPIUF was designed to support broad-based, sustainable and inclusive growth in PNG and the

Pacific by providing funding for investment projects, analytical work, and budget support operations, thus addressing the need for economic diversification and resilience against external shocks.

The COVID-19 pandemic severely impacted the economies of PICs, with many experiencing deep Gross Domestic Product (GDP) contractions. Thus, the PPIUF was designed to facilitate recovery from the economic shocks of the pandemic by enabling timely preparation of investment projects and supporting key advisory and analytical work that aligns with the recovery strategies of the countries in the region. By leveraging the financial and technical capacity of the World Bank, the PPIUF aims to help these countries avoid prolonged economic downturns.

The PPIUF was also considered relevant because it focused on strengthening governance and capacity. A critical aspect of the PPIUF is its focus on strengthening governance, public financial management and institutional capacity in partner governments. The PPIUF has sought to provide sustained capacity building to improve project management and the readiness of investment projects, which is essential for enhancing the effectiveness of government operations.

The PPIUF engages partner countries across various sectors, including health, education, climate change, gender equality, and economic reform. This multi-sector approach was described in the Investment Design Summary as recognising the interconnectedness of various development challenges faced by the region. By providing support tailored to the specific needs of PICs, the PPIUF aims to foster holistic development that can lead to improved outcomes in multiple areas, thereby enhancing overall stability and prosperity.

The PPIUF represents a collaborative effort between Australia, New Zealand and the World Bank, emphasising the importance of international partnerships in addressing shared challenges in the Pacific. This collaboration is crucial for pooling resources, expertise, and technical knowledge, amplifying development efforts and increasing the effectiveness of interventions in the region.

Finally, the Investment Design Summary indicated a focus on gender equality and inclusion. The PPIUF design placed a strong emphasis on gender equality and social inclusion, with the aim of empowering women and marginalised groups and contributing to more equitable and inclusive economic growth. This is particularly relevant when women face significant barriers to economic participation and decision-making.

3.1.2 PPIUF relevance in 2025 and beyond

Many, if not all, of the issues contained in the PPIUF design remain relevant in 2025 and beyond. While the immediate effects of the COVID-19 pandemic have subsided, many countries in the region continue to deal with its aftermath and longer-term scarring. Indeed, several PPIUF-supported projects have been developed to directly respond to the vulnerabilities experienced during the pandemic (e.g., national health systems strengthening projects).

The PPIUF 2024 Annual Progress Report argues that the PPIUF is relevant through its efforts to strengthen the enabling environment in partner countries.[9] It enhances governance and institutional frameworks to facilitate better policymaking and implementation. Relevance is also achieved by stimulating socio-economic development through targeted investments and support for key sectors and building human capital and inclusive infrastructure. The World Bank completed country partnerships frameworks for Fiji (FY21-FY24 and subsequently extended through December 2025), Papua New Guinea (FY19-FY23), Solomon Islands (FY18-FY23, extended to FY24), and a regional framework for nine PICs (FY17-FY21, extended to FY23). These frameworks describe the economic situation in the countries and discuss the relevance of the Bank's planned activities and interventions and how they are aligned with the countries' national development plans.

Consultations with government ministries, departments and agencies in Fiji and the Solomon Islands confirmed that the World Bank is largely seen as aligning its activities with PIC government development priorities and strategies. Many PIC government respondents highlighted the World Bank's role in regularly engaging with them and supporting structured policy reform processes.

In most cases, the ministries of finance are the lead agencies for partner country engagement with the World Bank. These and other line ministries spoke positively about their interactions with the World Bank and described how this has improved considerably over the last five years. The World Bank's leadership in budget support and joint policy reform processes was often highlighted by PIC, Australian and New Zealand Post representatives.

The PPIUF states that it has maintained its relevance in the region by employing a comprehensive approach that addresses the diverse needs of various sectors and communities. It strengthens the capacity of partner countries in project management, procurement, and policy implementation. For instance, it provides technical assistance and training that empower governments and institutions to effectively manage and execute development projects. Additionally, it has responded to the vulnerabilities of PICs to climate change and natural disasters by supporting climate adaptation and disaster risk management initiatives. It has facilitated risk financing mechanisms and investments in resilience, which are vital for safeguarding the livelihoods and economies of PICs. It takes into consideration the needs of marginalised groups in development initiatives, including attention to gender equality and the needs of people with disability. Furthermore, it has provided analytical and advisory services that help inform policy decisions and enhance knowledge sharing among Pacific countries, including economic updates and assessments that deliver critical data for informed decision-making.[10]

Australia's engagement with the Pacific is guided by a Pacific-led and owned strategic framework focused on regional security, economic resilience and climate action, aligned with the 2050 Strategy for the Blue Pacific Continent, which was endorsed by Pacific

9 World Bank (2025) *PNG and Pacific Islands Umbrella Facility 2024 Annual Progress Report*. March. Data as of December 2024, World Bank Group, East Asia Pacific, Sydney.

10 World Bank (2025) *PNG and Pacific Islands Umbrella Facility 2024 Annual Progress Report*. March. Data as of December 2024, World Bank Group, East Asia Pacific, Sydney.

Islands Forum members, including Australia.[11] These are consistent and aligned with the PPIUF objectives as currently formulated.

The 2050 Strategy features ten commitments that Leaders have made to strengthen their collective action and deepen regionalism to realise the vision. In support of these commitments, the strategy brings together seven interconnected thematic areas:

- Political leadership and regionalism.
- People-centred development.
- Peace and security.
- Resource and economic development
- Climate change and disasters.
- Ocean and environment.
- Technology and connectivity.

3.2 Additionality of PPIUF core funding

This section evaluates the additionality of PPIUF core funding and identifies the benefits derived from the core funding provided by Australia and New Zealand. It draws on the initial PPIUF design document and the 2024 evaluation. The review of additionality examines changes since 2021 in the World Bank's investments in the region, its in-country presence, its engagements with partner governments, its support for analytical studies, and its collaboration with Australia and New Zealand Posts in the region.

Following the presentation of findings on additionality and benefits, this section examines whether the PPIUF governance and reporting arrangements provide adequate management oversight of donor funds.

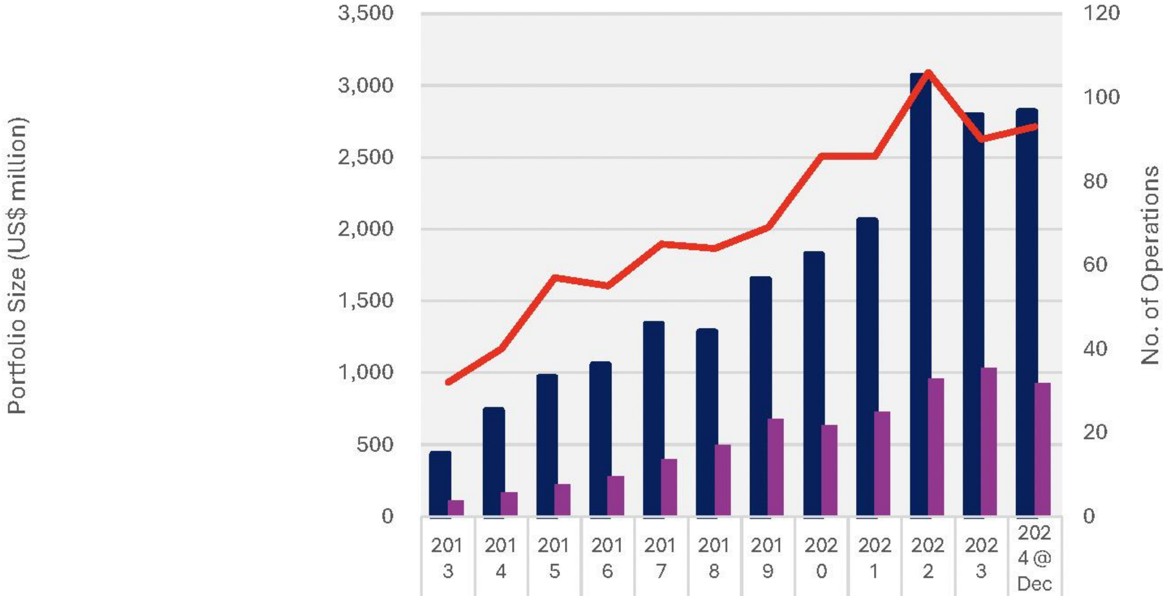
3.2.1 World Bank investment in the Pacific

There is evidence of a substantial increase in World Bank investment in the Pacific since the PPIUF began. The PPIUF 2024 Annual Progress Report claims that funding from Australia and New Zealand has enabled the World Bank to scale up and deliver its programs in the region significantly. As of January 2025, the active portfolio stands at 89 operations with net commitments of USD 3.29 billion, reflecting a seven-fold increase since 2012. This figure represents a combination of IDA, the International Bank for Reconstruction and Development (IBRD), trust funds, and co-financing from donor partners and multilateral development banks.

11 Pacific Islands Forum Secretariat (2022) *2050 Strategy for the Blue Pacific Continent*. Pacific Islands Forum Secretariat.

This increasing investment trend is illustrated in the figure below.

Figure 1. World Bank portfolio trends FY13–FY24



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 @ Dec
Net Comm. (US$m) (Inc. Co-Fin from FY23)	432	739	968	1,056	1,340	1,285	1,652	1,824	2,058	3,064	2,791	2,818
Disb. (US$m)	113	167	226	281	397	498	676	634	728	961.6	1,030	930
# Operations	32	40	57	55	65	64	69	86	86	106	90	93

SOURCE: World Bank (2025) *PNG and Pacific Islands Umbrella Facility 2024 Annual Progress Report*. March. Data as of December 2024, World Bank Group, East Asia Pacific, Sydney. NOTE: From FY23, co-financing is included in the total. Figure 1 combines a bar chart and a line graph. The bar chart shows a steady increase in the portfolio size and disbursements of the World Bank in the Pacific from 2013-2024. The line graph shows a general increase in the number of World Bank operations in the Pacific, peaking at around 106 in 2022, before slightly declining.

While it is not possible to fully attribute the provision of core funding to these outcomes, qualitative, anecdotal evidence from partner countries, Australian government departments, and the World Bank is consistent in the view that core funding and Australia's direct engagement with the World Bank at the board and other levels have contributed.

The 2024 PF4 and PPIUF evaluation reports that core funding from Australia and New Zealand has enhanced Bank-financed investment programs and development policy operations.[12] It indicates that these contributions serve multiple purposes: lending, implementation support, and analytical and advisory activities. The report underlines that core funding is essential for the Bank to attract additional resources and expertise for developmental initiatives in the Pacific, especially considering the significant rise in available IDA resources, which have remained stable between IDA19 and IDA20. Nevertheless, the evaluation raised concerns about the visibility and acknowledgment of these contributions. It was found that many stakeholders, including some World Bank personnel and PIC counterparts, often lack awareness regarding the backing of trust funds and the donors' contributions.

In addition to these investments, there is evidence of increased funding and investment by Australia and New Zealand beyond their core funding support. Since May 2021, DFAT and MFAT have committed to providing over USD 74 million (AUD 116 million) in preferenced project funding. See Table 2. The World Bank suggests that this has been crucial for scaling up World Bank operations in the region.[13]

Indeed, DFAT has indicated that its portfolio of preferenced projects has grown well beyond what was initially envisaged.

Table 4. Australia Preferenced PPIUF Project Funding (AUD)

Soft Earmarked Project	Country Regional	Total Expensed to Date	Total Committed
Solomon Community Access and Urban Services Enhancement (CAUSE) Phase 1	Solomon Islands	$11,700,000	$11,700,000
PNG Child Nutrition	PNG	$16,000,000	$16,000,000
PNG Social Protection	PNG	$5,000,000	$5,000,000
Secondary Schools	Regional	$16,000,000	$16,000,000
Pacific Data Observatory	Regional	$8,000,000	$8,000,000
Pacific Payments and Trade Project	Regional	$3,000,000	$3,000,000
PNG Subnational Governance Project	PNG	$1,000,000	$1,000,000
Health (Regional)	Regional	$1,000,000	$1,000,000

12 Tobin, R.J. (2024) *Evaluation of the World Bank's Pacific Facility 4 Multi-Donor Trust Fund and the Papua New Guinea and Pacific Islands Umbrella Facility Multi-Donor Trust Fund*, October.

13 World Bank (2025) *PNG and Pacific Islands Umbrella Facility 2024 Annual Progress Report*. March. Data as of December 2024, World Bank Group, East Asia Pacific, Sydney.

Soft Earmarked Project	Country Regional	Total Expensed to Date	Total Committed
Health (Samoa)	Samoa	$6,000,000	$6,000,000
Tonga Safe and Resilient Schools	Tonga	$7,000,000	$7,000,000
PNG Education PASA	PNG	$9,000,000	$9,000,000
Labour Mobility Support Program	PNG Regional	$4,700,000	$4,700,000
Accelerating Digital ID Pacific Program	Regional	$2,944,500	$2,944,500
Labour Mobility Support Program	Regional	$4,055,000	$4,055,000
CAUSE Phase 2	Solomon Islands	$1,000,000	$30,000,000
Feasibility Study for Pacific Payments Mechanism	Regional	$2,250,000	$2,250,000

SOURCE: DFAT data provided to the Strategic Review Team, 2025.

DFAT's Annual Investment Monitoring Report (2024) indicates that core funding levels have remained largely stable in dollar terms and as a share of the World Bank's operating costs in the Pacific between PPIUF and PF4 while preferenced funding has significantly increased:

> "Our generous contributions through PPIUF have allowed us to have an increased voice on the World Bank's support to the Pacific Region and advocate towards Australian and PIC interests, including through the Partnership Council meeting [DFAT, MFAT and WB] that convenes under the PPIUF architecture, where partners are able to share priorities and push towards WB efforts and outcomes."

Inefficiencies in Australian approvals of preferenced projects

The growth of preferenced PPIUF projects presents a challenge to DFAT. Each of these projects requires an amendment to the PPIUF Arrangement. Since the total invested funds exceed AUD 100 million, including core funding contributions, the process of designing, appraising and approving an amendment is lengthy due to Australian aid programming requirements. Sixteen amendments to the agreement have been made since 2021. Several Australian representatives in Canberra and the Pacific described the process as difficult. One referred to it as a "labour-intensive" process of ticking boxes. Indeed, the PPIUF is not currently a flexible instrument through which Australian government support can be directed. This issue is discussed in the following chapter.

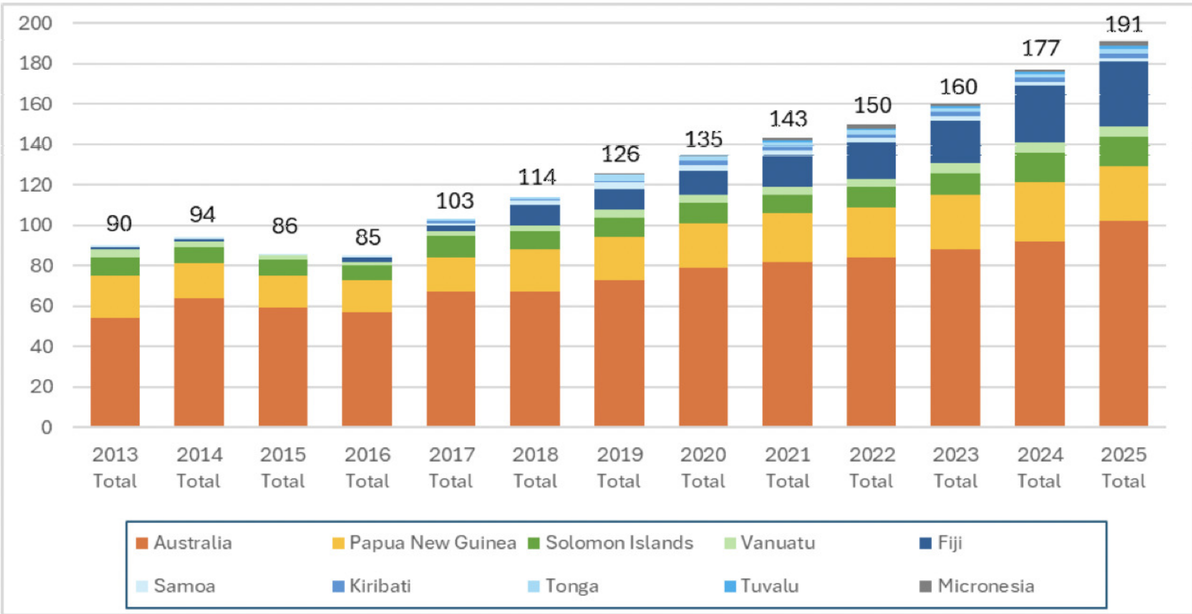
3.2.2 World Bank presence in the Pacific

The PPIUF 2024 Annual Progress Report claims that the funding from Australia and New Zealand has contributed to growing the Bank's presence in the Pacific by supporting increased staffing and the expansion of local offices. The number of staff has nearly doubled since 2012, and new offices have been opened in Samoa, Tuvalu, and Kiribati, with existing offices in Port Moresby and Sydney expanded.

The figure below shows a substantial increase in World Bank staffing in the region since 2013. Since January 2021, the time period of interest in this review, staff numbers have grown by 48 (i.e., from 143 in January 2021 to 191 in January 2025). The figure below suggests that staffing numbers in the World Bank's Sydney office have grown by around 20-25 people in this period, while there also appears to be significant growth in Fiji.

Discussions with the World Bank conducted for this review indicate that the Bank is in the process of decentralising its senior staffing arrangements. The World Bank is looking to split the geographic scope of the current Country Director (currently based in their Sydney office and oversees the World Bank's work across PNG and the Pacific Islands) into two separate Country Director positions given the challenges with operating in the region, and the increased scale of World Bank support and operations. The current Country Director is expected to be based in Suva, covering the 12 World Bank PICs (except for PNG, Solomon Islands and Vanuatu). A new Country Director is expected to be based in Port Moresby, overseeing the World Bank's work in Papua New Guinea, the Solomon Islands and Vanuatu.

Figure 2. World Bank staffing trends January 2013 – January 2025



SOURCE: World Bank (2025) *PNG and Pacific Islands Umbrella Facility 2024 Annual Progress Report*. March. Data as of December 2024, World Bank Group, East Asia Pacific, Sydney. Figure 2 is a stacked bar chart showing World Bank staffing across PNG and PICs rising from 90 staff in 2013 to 191 in 2025, with an increasingly diverse range of locations.

Specialist travel within the region is also a measure of the World Bank's presence in the Pacific. The review team met with several World Bank staff based in Sydney, Suva and Honiara, who explained that they can travel to the region more frequently due to PPIUF core funding. This was corroborated by Fiji and the Solomon Islands government representatives, who spoke positively about their increased access to World Bank specialists, including thematic Task Team Leaders.

Some World Bank staff discussed an internal system for assigning costs to specific charge codes and explained how PPIUF increased overall operating budget and enabled teams to increase their travel in the region. When asked about the implications of a cessation of core funding, several specialist staff indicated that this would mean they would travel much less to the region. For example, while they might visit the region five or six times a year, including for monitoring visits, removing core funding would reduce this to only once or twice a year. Again, the World Bank cannot provide this kind of specific financial information, as it states that core funds are fungible and cannot be tracked by specific activities, services, or products.

The increased presence of the World Bank, either in office staffing or specialist visits, has not gone unnoticed by partner counties. Government representatives in Fiji and the Solomon Islands described an increase in access to World Bank officials in recent years.

DFAT's Annual Investment Monitoring Report (2024) reports that the "investment is working as planned and has mostly achieved DFAT's objectives of an increased Bank efforts and presence in the region." However, the report suggests there are still gaps, and Posts continue to report variable competencies, Pacific knowledge, empowerment and presence of staff on the ground.

3.2.3 World Bank engagement with Pacific partners

The review team met with government representatives in Fiji and the Solomon Islands, who reported increased engagement with the World Bank. Typically, the ministries of finance act as the primary agencies for partner country interactions with the World Bank. Officials from these ministries and other relevant ministries reported favourable experiences with the World Bank, highlighting significant improvements in their interactions over the past five years.

The World Bank claims that its engagements with PIC governments have contributed to enhancing project readiness, improving client capacity for project management and procurement, and expanding knowledge-sharing across the region.[14]

The World Bank's engagements with PIC governments have supported reforms in several key areas, including:

- Public sector modernisation. In Fiji, PPIUF has assisted in designing a project for public sector modernisation and improving service delivery, including digital government transformation.
- Education. In PNG, PPIUF has supported the National Department of Education in implementing the National Education Plan, which includes the addition of a new pillar on Early Childhood Education (supported through Australian preferenced funding).
- Social protection and labour mobility. The PPIUF has been instrumental in strengthening social protection systems and labour mobility initiatives across the Pacific, with significant reports and studies published to inform policy and improve program effectiveness (supported through Australian preferenced funding).
- Gender equality. PPIUF core funding has supported and influenced the development of policies that promote gender equality, such as the National Women's Economic Empowerment Action Plan in Fiji and the integration of gender

[14] World Bank (2025) *PNG and Pacific Islands Umbrella Facility 2024 Annual Progress Report*. March. Data as of December 2024, World Bank Group, East Asia Pacific, Sydney.

into decentralised planning in Samoa (supported through Australian preferenced funding).

- Health system strengthening. The PPIUF has contributed to the development of health financing strategies and improvements in service delivery through various health programs.

3.2.4 Production of analytical studies and report

There is evidence that core funding has provided support to enhance project readiness. The PPIUF 2024 Annual Progress Report says that core funds have been used to improve project readiness for implementation by promoting environmental and social safeguards, capacity building, and mentoring through field visits and virtual meetings. This has resulted in improved project management and oversight.

While the World Bank are unable to confirm the extent to which PPIUF core funding support contributed to specific studies and reports, PPIUF staff suggest that the following publications were financed through core funding, at least in part:

- Pacific Economic Updates. The Pacific Economic Update provides an analysis of 11 Pacific Island countries: Federated States of Micronesia (FSM), Fiji, Kiribati, Marshall Islands, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. It provides assessments of economic trends and includes various editions such as:
    - "Back on track? The Imperative of Investing in Education", March 2024.
    - "Invest in Your Children", May 2024.
    - "Diminishing Growth amid Global Uncertainty: Ramping up Investment in the Pacific", October 2024.
- Health Sector Review Reports. The Pacific Health, Nutrition, and Population Program produced various health-specific chapters and reports, including the flagship Fiji Health Sector Review.
- Correspondent banking relationships. A Diagnostic Study on the state of Correspondent banking relationships in the Pacific, referred to as the CBR Roadmap, was conducted in 2023. This study aimed to provide a detailed action plan to address the issues related to CBRs in the region.
- Labor Mobility Reports. Reports such as "The Gains and Pains of Working Away from Home: The Case of Pacific Temporary Migrant Workers in Australia and New Zealand" and "Improving Outcomes of Pacific Labor Mobility for Women, Families, and Communities".[15]
- The Pacific Atoll Countries Country Climate and Development Report (June 2024) covers the Pacific Atoll Countries (Pacific Atolls), the Republic of Kiribati, the Republic of the Marshall Islands (RMI), and Tuvalu. This report addresses the climate change challenges faced by Kiribati, the Marshall Islands, and Tuvalu, outlining development and adaptation strategies.

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[15] For further information on the World Bank reports associated with Pacific labour mobility, see the World Bank website: Pacific Labour Mobility: The Benefits, Concerns, and Opportunities.

- Palau Country Disaster Risk Profile Report. This updated report assesses the potential economic impacts of natural disasters in Palau and was used to evaluate the necessary size of a climate change reserve fund.

The PF4 and PPIUF evaluation raised a concern about whether these reports were produced in response to a request from PIC governments (i.e., demand-driven) or were initiated by the Bank instead. Specifically, it questions whether the donors' contributions complement or replace expenses typically covered by the World Bank through its own budget, and how decisions are made regarding which ASA to fund.[16] The review team did not find any specific issues in this area. Analytical studies serve various purposes. They can be commissioned in response to a particular request of government. Indeed, several government representatives interviewed for the review provided examples of this. Additionally, they can be commissioned to help governments understand the significance of a topic and raise awareness among policymakers about the impact of their choices. The review team learned of several instances where "standard" World Bank reports had been modified to meet the needs of both the World Bank and partner countries.

The major benefit of the PPIUF studies is their contribution to policy dialogue with partner governments and developing project concept notes and other materials required for presenting a bankable project ready for implementation. The significance of these studies in producing robust and compelling project documentation acceptable for investment and ultimately supporting successful (efficient/effective) delivery cannot be overstated.

Respondents from Australia raised some concerns regarding the lack of acknowledgment of Australian Government support for specific reports.

Finally, some respondents expressed interest in the World Bank creating a centralised online portal for all Pacific analytical studies. Although there is an EAP website, the review team has struggled to find a single, easily navigable portal that offers access to PPIUF-related studies.

3.2.5 World Bank engagement with Australia and New Zealand Posts

One notable area where Australian and New Zealand support for core funding was not found to have produced the desired results was its engagements with the country Posts. Both the Australian and New Zealand Posts in Fiji and the Solomon Islands expressed significant frustration with their limited interaction with the World Bank at the country level on strategic, country-level prioritisation and coordination of efforts. Representatives from Australia and New Zealand expressed concerns that the World Bank did not dedicate enough time to regular briefings or information exchanges regarding current and prospective projects, including the project pipeline, strategies and priorities.

The DFAT 2021 Investment Design Summary appears to have foreshadowed this concern. It says the DFAT Office of the Pacific will regularly contact Posts and that Posts will

[16] Tobin, R.J. (2024) *Evaluation of the World Bank's Pacific Facility 4 Multi-Donor Trust Fund and the Papua New Guinea and Pacific Islands Umbrella Facility Multi-Donor Trust Fund*, October, p. 20.

regularly engage in in-country monitoring of World Bank activities and report via the cable system. Posts were encouraged to undertake field visits and engage in review missions. The investment design document also says that the Office of the Pacific may fund regular in-country monitoring.

While the World Bank insists that it regularly invites representatives from Australia and New Zealand Posts on joint missions and requests opportunities for mission debriefs or project updates, the Australian and New Zealand Posts report that country-level engagement is generally ad hoc and often centred around individual projects. Although evidence shows that some joint missions have taken place and various meetings have been held periodically, there is an opportunity to strengthen the consistency and strategic focus of country-level engagement between the World Bank, Australia, and New Zealand. Importantly, there is no clear evidence that the core funding support from Australia and New Zealand has enhanced these country-level engagements.

At a regional level, the PPIUF Partnership Council provides an annual opportunity for the World Bank, DFAT and MFAT senior management and PPIUF trust fund managers to meet. While this is a positive mechanism for strategic dialogue at a regional level, it does not assist, in its current format, with the strong demand for such dialogue at the country level.

3.2.6 PPIUF governance arrangements, monitoring and evaluation

Since the PPIUF is a World Bank facility, it uses the comprehensive World Bank reporting and management system, which is robust, generally transparent, and well-regarded.

The key governance mechanism for the PPIUF is the Partnership Council, where the three partners provide strategic guidance and direction on its implementation and reviews progress reports provided by the Bank based on the results framework. The Council does not endorse annual PPIUF workplans but discusses the World Bank's overall priorities in the Pacific and work program for core and earmarked projects. The annual Partnership Council is attended by all three partners (i.e., World Bank, DFAT, and MFAT).

The World Bank is responsible for monitoring and evaluation (M&E) of the PPIUF. The DFAT Investment Design Summary envisaged that "DFAT's core funding to the PPIUF enables the World Bank to have adequate resourcing for M&E. Approximately 15 per cent of PPIUF's core funding will be allocated to analytics and monitoring." However, as discussed above, knowing how much core funding the World Bank allocates to PPIUF M&E has proven difficult. The Investment Design also indicates that the World Bank would mobilise "new resources for known weaknesses" identified in the PF4 MTR (i.e., resourcing gender, M&E and communications to meet DFAT standards).

An original theory of change and PAF was developed by the World Bank. This was adapted from the outcomes and indicators of the PF4, and responded to the findings of the PF4 evaluation, which found that the original results framework for PF4 was too focused on outputs and outcomes from investment projects supported by the trust fund (e.g., number of people with increased access to markets, kilometres of road rehabilitated, number of bridges built) rather than the overall performance and broader outcomes. However, the 2021 Investment Design Summary indicated that "much more work is needed" to improve the theory of change and establish a Monitoring, Evaluation and Learning Framework. This includes clarifying:

> DFAT's participation in the PPIUF, including redesigning EOPOs, separating PIC vs WB outcomes, include intermediate outcomes, establishing a clearer link from outputs to outcomes, explaining assumptions and introducing qualitative indicators to measure satisfaction with World Bank technical assistance and products. Additional work is needed on recognising and reflecting the importance of gender equality and women's empowerment in the theory of change and results framework. DFAT will pursue a workshop approach together with MFAT and the World Bank to improve the MELF. DFAT will also need to complement this with its own approach, specifically linking to Partnerships for Recovery indicators and objectives (Investment Design Summary, pp 12-13).

The above issues remain unsettled at the time of this review, April 2025. While considerable discussion on these matters has taken place between Australia, New Zealand, and the World Bank (including Australia funding an M&E position at the World Bank based in Sydney, a contractor to facilitate a one-day workshop on M&E and provide support on the PAF, as well as various revised draft documents assessed by the Review Team) no agreement has been reached to date.

The failure to agree on the outcomes of the PPIUF and the outcomes of the use of core PPIUF funding undermines concerns raised by either of the bilateral parties regarding the adequacy of PPIUF reporting. While regular reports have been produced, these have been the subject of concern to DFAT and MFAT since 2021. Many of these concerns may be warranted. However, agreeing on the purpose of the PPIUF and its core funding, set against well-defined outcomes and a theory of change that could be informed by five years of operation, is an essential first step.

The PPIUF Program Management Team prepares a comprehensive annual report in February or March and a less detailed PowerPoint presentation providing updates in November. The Pacific Country Management Unit (CMU) prepares these with support from the PPIUF within the reporting period.

In addition to the World Bank's own reporting, DFAT prepares Annual Investment Monitoring Reports to assess the progress of the PPIUF in meeting DFAT's objectives. In its most recent Annual Investment Monitoring (2024), DFAT says it:

> has been working with the World Bank and MFAT towards finalising the PPIUF's Performance Assessment Framework, however, despite significant support and urging from DFAT, this is yet to be finalised… PF4's Results Framework focused very much on the outcomes and outputs from projects/activities rather than the overall the World Bank portfolio's performance and broader outcomes in the region. Recognising this limitation, PPIUF's indicative PAF delineates three reporting tiers of the PAF; (i) PNG and Pacific Development Context, (ii) PPIUF Performance, Core Functions [broader portfolio level outcomes], and (iii) PPIUF Performance [focused on outcomes and outputs of 'preferenced' projects].

The DFAT 2021 Investment Design Summary says DFAT may choose to fund specific M&E activities through the PPIUF: for example, gender studies, results briefs and research reports in specific policy areas covered by the Partnership. This is based on DFAT experience elsewhere showing that resourcing M&E activities to meet their requirements has been critical to creating an effective partnership that can demonstrate both its own value and development results.

3.3 Cross-cutting issues

This section focuses on cross-cutting issues. It considers whether the World Bank adequately addresses climate change, gender equality, disability and social inclusion in its operations. This section also considers how the PPIUF interacts with or complements bilateral Australian investments, other trusts and mechanisms, including FIFs and IDA, to address cross-cutting issues.

3.3.1 Core funding and gender equality, disability and social inclusion

The rationale that core funding enables the World Bank to carry out operations in the Pacific, which is a more costly operating environment, and to crowd in the scale and expertise that the World Bank brings to the region is one lens through which to examine if core funding has improved the adequacy by which the World Bank addresses gender equality, disability and social inclusion (GEDSI) in its operations. The World Bank and DFAT have different GEDSI policy expectations, apply different programming approaches and standards for accountability. This difference underscores a second lens for examining how core funding has addressed GEDSI by assessing whether it has nudged the World Bank to increase the focus on gender equality and disability inclusion in the Pacific in closer alignment to DFAT's policies and programming standards.

Expectations around GEDSI are supported by the PF4 MTR, which found that "DFAT funding and dialogue had encouraged the Bank to substantially expand the scope and scale of the World Bank's gender work in the Pacific."

The DFAT PPIUF Investment Design Summary (2021) envisages that the PPIUF will provide a key means of influence for DFAT and an opportunity to drive an increased focus on Australia's priorities in cross-cutting issues, particularly gender equality and disability inclusive development.

While it is generally not possible to trace how PPIUF core funding supports specific agendas, the fact that it has been a key financer of the Gender Equality Program of Advisory Services and Analytics (PASA) for the Pacific is a useful example for understanding some of the PPIUF core funding impact. The existence of the Gender Equality PASA for the Pacific is a positive sign of how the World Bank has prioritised gender equality, responded to the fact that this is a DFAT and MFAT priority and a recognised weak spot in the World Bank toolkit. Notably, DFAT funds World Bank Gender Equality PASAs in several countries in the EAP region, though there is no coordinated management of these in DFAT.

World Bank staff overwhelmingly argued that the PPIUF core funding to the Gender Equality PASA enabled them to invest more resources and achieve a broader footprint of gender equality work than would be possible without it. This view from CMUs and others suggests that the Gender Equality PASA could unlikely claim and receive replacement Bank Budget resources in the absence of PPIUF core funding.

3.3.2 Gender Equality Program of Advisory Services and Analytics

The Gender Equality Program of Advisory Services and Analytics (PASA 2021-2025) was designed to provide analytics and advisory services under three pillars:

1. Analytical program to advance women's economic empowerment.

2. Positioning the World Bank in the Pacific and building client capacity.
3. Strengthening the World Bank portfolio to promote women's economic empowerment.

This includes analytical and advisory support to:

- Gender diagnostics to support World Bank country engagement and core products such as Country Strategic Diagnostics, Country and Regional Partnership Frameworks and Country Economic Memorandums.
- Gender thematic analytics, policy engagement and client capacity building.
- Support to operational engagement, including Development Policy Operations (DPO), select project-level gender assessments (4-5 per year), advice on project-level gender tag requirements, and limited support to implementing gender activities within investments.

The PPIUF Annual Progress Reports document the headline activities of the Gender Equality PASA. However, within this all-embracing document, capturing the linkages between gender equality analytics and the broader portfolio is challenging. Additionally, it is difficult to present a narrative that explains the rationale and contribution of what can appear as fragmented activities towards achieving results. The Gender Equality PASA annual progress reports provide a more comprehensive explanation with both backward and forward linkages, but these had not been shared with DFAT or MFAT prior to this Strategic Review. A review of the Gender Equality PASA annual progress reports for 2023 and 2024 shows the evolution in the focus of the PASA as the team responded to demand and opportunity.

Some headline examples of the outputs and influence the PASA has produced or contributed to include:

- Analysis and inputs to the PIC-9 Regional Partnership Framework and preparation of Country Gender Action Plans for multiple countries, including PNG and Fiji.
- Strategic Country Diagnostics for PNG, Solomon Islands and PIC-9.
- Analysis and inputs to the Country Economic Memorandum for PNG, Solomon Islands and Fiji.
- PNG Economic Update (2023) had a special focus on gender.
- Policy briefs and background studies on barriers to women's labour force participation in Fiji and support to the Ministry of Women, Children and Social Protection in preparation of the Fiji National Action Plan on Women's Economic Empowerment.
- Samoa policy note on women's constraints to work and implications of gender-based violence (GBV).
- Fiji Climate Change and Disaster Resilience Report.

Support to core country products is strategically valuable for profiling the impact of gender inequality on economic growth, human development and regional stability, and wiring gender equality into Regional and Country Partnership Frameworks. In turn, this provides the framing and opportunity for follow-on investments, budget support and analytics to pick up gender inequality threads and chart the way for Country Gender Action Plans. For example, the Fiji Country Partnership Framework (2021-2024) includes gender equality as a cross-cutting issue and the results matrix includes several indicators disaggregated by sex that monitors inclusion of women owned businesses and access to jobs. Another example is the high-quality gender diagnostics integrated into the Solomon Islands Country Economic Memorandum though attention to gender inequality fades away in the recommendations. Overall, the contribution of the Gender Equality PASA to diagnostics included in core country products appears to have been robust, though there is still some way to go in seeing this translate into explicit gender equality outcomes in regional/country partnership frameworks. Higher World Bank corporate expectations to include gender equality outcomes in partnership frameworks following the Gender Equality Strategy (2024-2030) may mean this will become more explicit in forthcoming products.

In 2025, in addition to supporting the preparation of core country products and select investments, the Gender Equality PASA is also advancing women economic empowerment policy dialogue in Fiji, mainstreaming gender equality in decentralised planning in Samoa, supporting a poverty and equity assessment in PNG with the Poverty and Equity PASA team, undertaking GBV assessments to inform DPOs, a deep dive into gender and climate adaptation, and supporting the correspondent banking project to generate data on women's access to financial services. The Gender Equality PASA does not support PPIUF preferenced projects.

The Gender Equality PASA Progress Report (2023) notes that the first three years of the PASA had laid the analytical foundation for deepened policy dialogue. It reflects on the importance of building relationships with clients, development partners in the gender space, such as DFAT and the United Nations, and civil society for the World Bank to have credibility and relevance. Its plan for 2024 was to increase the focus on engaging with clients and partners, including DFAT, for transformational initiatives on women's economic empowerment, including a focus on GBV where feasible. It reported two lessons of particular interest:

- Establishing relations and entering the gender space at the country level requires significant time and on the ground presence.
- The "dedicated gender focal point in Sydney who has been proactively engaging with teams upstream, providing relevant analytics and selectively contributing to dialogue, has been key to respond to increased portfolio demands and facilitating linkages across the portfolio."

These findings align with those of the Independent Evaluation Group (IEG, 2024) evaluation of the World Bank's gender equality work that found "presence of gender expertise in a country office is critical for successful gender engagement because it enables support to operational teams and coordination with partners and stakeholders."[17] Other key IEG (2024) headline findings include:

- Gender tags improved engagement on gender in breadth (quantity) but not depth (quality), were more important in design and not implementation, and produced limited evidence of results.

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[17] International Evaluation Group (2024) *An Evaluation of World Bank and International Finance Corporation Engagement for Gender Equality over the Past 10 Years*. World Bank Group. Washington, DC: World Bank.

- There is a lack of internal incentives, accountability and resources for systematic and strategic country approach to achieving gender equality outcomes.
- Need to move to transformational work at scale and measure gender equality outcomes.

Unfortunately, when the Sydney based Gender Equality Task Team Leader moved in late 2024 her position was vacant for five months and her replacement is based in Washington DC. Without a Gender Focal Point in Sydney or the Pacific, the capacity of the Gender Equality PASA team that consists of two staff, neither of whom are full-time for the Pacific seems insufficient for the scope of work or to forge the relationships and partnerships essential for gender equality impact.

The success in growing the Pacific portfolio and in achieving one hundred per cent gender tag has increased the demand for gender expertise. Moreover, the World Bank Group's Gender Equality Strategy (2024-2030) has sharpened attention and increased the bar to deliver gender equality outcomes and move beyond a focus on gender tag at design to the delivery of quality activities and results. Secondly, the push to step up on GBV through sector programs and the selection of PNG as a fast-track country has implications for the Pacific portfolio. In this context, the scope and scale of the Gender Equality PASA appears in need of pivoting to meet increased internal World Bank demand, foster and respond to client demand for capacity building, and to step up to support implementation of the new World Bank Group Gender Equality Strategy. While the World Bank are yet to decide how to shape the Gender Equality PASA going forward; the Gender Equality PASA team see the need to:

- Step up on addressing GBV.
- Shift from diagnostics to learning what works and translating this into operations.
- Provide stronger support to implementation in strategic areas.
- Strengthen results monitoring at project and country levels.
- Invest more effort in partnership building, including with DFAT.

3.3.3 Enabling contribution of core funding to the adequacy of gender equality

The Gender Equality PASA is co-financed through the PPIUF core funding, the Universal Gender Equality Fund (UGFE) and the Pacific Facility, which is the previous Australia and New Zealand core funding. The funding of specific activities varies year by year, so that one year's policy work in Samoa may be funded by the PPIUF and another by UGFE, and it is not possible and perhaps not constructive to tease out exactly what the PPIUF core funding supported. Beyond the Gender Equality PASA, other PASAs are supporting some gender related analytics. The Project Concept Note of the Pacific Poverty and Equity PASA (2025-2027) suggests several important analytics with attention to gender and GBV specifically. Background papers under the earlier Pacific Poverty PASA (ended in 2024) which received core funding support are also said to have brought out gender dynamics, but this is difficult to trace via the PPIUF Annual Reports which is DFAT's principle means of monitoring performance.

More significantly, in the absence of an agreed theory of change and PAF for PPIUF, there are no agreed objectives, outcomes and indicators to monitor gender or disability performance of PPIUF overall and of core funding specifically. Addressing the two questions of (i) adequacy of GEDSI and (ii) alignment of World Bank and DFAT on GEDSI in the Pacific need to be embedded in the PAF as this is finalised.

In the absence of the PAF and agreement on objectives and standards for GEDSI, this review finds on the question of adequacy for gender equality:

- Core funding has provided a sizeable share of the budget of the Gender Equality PASA which has (a) delivered critical analytical support to World Bank core country engagement and products, (b) generated demand for policy engagement on women's economic empowerment in select countries where the Global Practice in which it sits, had already opened up space, and (c) provided support to all DPOs and select project level gender assessments.
- Without PPIUF core funding for the Gender Equality PASA, it is unlikely that the World Bank would have allocated the same level of resources and the scope and quality of work would have been impacted.

Secondly, on whether core funding has achieved closer alignment between the World Bank and DFAT on the prioritisation and approach to gender equality (disability equity is addressed below) in the Pacific, the review finds a lack of evidence. While gender equality and disability equity are both regular agenda items and points of engagement between DFAT and the World Bank, there is a lack of sustained dialogue on this between the agencies with limited input from DFAT gender specialists in Canberra or Posts and no PAF to underpin an agreed level of ambition or the means of monitoring progress. Moreover, the incentives and line of accountability for shifting and transforming programming on gender equality squarely rests within the Bank and while DFAT support may enable "bright spots" and islands of good practice, transformational change is driven from within.

We conclude that PPIUF core funding has made a substantial contribution to the quality with which the World Bank has met its mandatory requirements on gender equality. It has also contributed to the World Bank's analytical work and policy engagement that has proven its credibility as a development partner in the women's economic empowerment space in the Pacific. Given these achievements, the Gender Equality PASA needs reshaping in scope and resourcing to increase the presence of gender experts in the region, respond to demand and pivot to support the implementation of the new Gender Equality Strategy. While beyond the scope of the strategic review, this may mean creating a complementary PASA or shifting the Gender Equality PASA out of core funding and into preferenced projects where the engagement with DFAT Posts and Canberra, scope for country-specific alignment and partnership, and visibility of deliverables would be stronger.

3.3.4 Disability equity and inclusion

There is a much wider difference between the World Bank and DFAT policy commitments and programming standards on disability equity and inclusion compared to gender equality. The World Bank's Disability Inclusion and Accountability Framework (2018 and updated 2022) is a roadmap for mainstreaming disability inclusion but has no binding status. Requirements to consider disability inclusion in World Bank programming fall into the environmental and social framework. The policy gap between the two agencies has further widened with Australia's Disability Equity and Rights Strategy (2024) and its targets for effective disability programming.

There is little evidence that core funding has supported disability inclusion activities from the Annual Progress Reports for 2023 and 2024. One example of support is the contribution to the Pacific Poverty PASA, which contributed to the Tonga Poverty and Equity Assessment (2024), and included an analysis of the poverty-reducing impact of the Disability Welfare Scheme. Disability inclusion was not addressed in the core country products reviewed, and participation of Organisations of People with Disability (OPD) in the preparation of Partnership Frameworks seems ad-hoc. The Pacific Disability Forum has had one engagement with the World Bank at a joint regional event with DFAT in 2024. The Gender Equality PASA recognise there is a need for greater intersectionality of disability inclusion in their program of work.

Unlike gender equality, there is no dedicated disability inclusion PASA. There are no World Bank disability inclusion specialists in the Pacific Region, and internal support is sourced from Washington, DC. Engagement with DFAT on disability inclusion at the Canberra or Post level is very limited due to the lack of World Bank disability inclusion expertise in the region.

While there are sectors and projects where the World Bank is engaged in disability inclusion, such as education through the Advisory Support for the Pacific Island Region in Education preferenced project, and the World Bank has introduced universal access guidance in infrastructure operations and building codes, it is widely recognised that the World Bank is lagging in systematically addressing disability inclusion in core business practices and investments. This is an area that needs improvement across the agency. An indication of the pace of internal capacity building can be drawn from a parallel trust fund financed by DFAT, the Advanced Universal Health Coverage. This fund supports the development of disability-inclusive online training targeting World Bank health staff in the East Asia and Pacific (EAP) region. It is expected that by 2025, this initiative will raise awareness and enhance capacity to implement the World Bank's Disability Inclusive Health Care System Technical Note (2022).

3.3.5 Enabling contribution of core funding to the adequacy of disability inclusion

As noted above, an agreed PAF with disability inclusion outcomes and indicators is required to agree performance requirements and accountability for PPIUF broadly and the contribution of core funding specifically. The strategic review finds that core funding is not contributing to implementing the World Bank's Disability Inclusion and Accountability Framework or increasing alignment with DFAT prioritisation of disability equity and rights.

Core funding, as currently programmed, does not support the World Bank in fulfilling its commitments to disability inclusion which is itself a weakness across its work in the Pacific holistically. Therefore, the World Bank should consider developing a standalone disability inclusion PASA focused on implementing the World Bank Disability Inclusion and Accountability Framework in selected sectors of the Pacific, with specific attention to data and infrastructure. With the long-term view that progress and good practice made in selected sectors will support internal momentum in the World Bank to mainstream disability inclusion and accountability across the portfolio.

3.3.6 Enabling contribution of core funding to social inclusion of other marginalised groups

Policy commitments and programming standards for the social inclusion of other marginalised populations, such as Indigenous Persons and those facing social exclusion due to their sexual orientation, gender identity and expression, are an area of ambiguity for both the World Bank and DFAT, and have not been a priority focus of the partnership or PPIUF. Annual reports and other World Bank documents that were reviewed suggest that PPIUF core funding has not been deployed to enable the World Bank to increase attention to these populations.

3.3.7 Attention to GEDSI in preferenced projects

While the strategic review focuses on core funding, CAUSE 2, a soft-earmarked project, was lightly reviewed to see to what extent soft-earmarked projects receive more scrutiny from DFAT on GEDSI and better meet DFAT GEDSI standards.

The example of CAUSE 2 illustrates how DFAT's gender and disability specialists, along with other cross-cutting advisers, engage in preferenced investment projects at the design stage. The project aims to advance the economic inclusion of women and youth and increase access to resilient urban infrastructure and services. The design of CAUSE 2 builds from the achievements and learning of CAUSE, a GEDSI analysis at design that DFAT requested, and factors in stronger efforts to reduce barriers to training faced by people with disability, and a more defined collaborative role for the national OPD, People with Disability of the Solomon Islands.

DFAT provided guidance at the design stage for how the project could meet DFAT requirements, including a gender equality outcome in the End of Program Outcomes (EOPOs). However, in the end, the final design did not include a gender equality outcome. It is not clear how this gap will be addressed during implementation. For DFAT, it flags the challenge of ensuring partner-led designs meet DFAT design standards and the trade-offs that are made under a trust fund financing modality. It also highlights that PPIUF core funding is not a means to ensure alignment of World Bank preferenced projects to DFAT design standards. One practical suggestion made by DFAT was for a checklist of DFAT gender equality, disability equity and rights standards to be considered by World Bank teams during preparation of soft-earmarked Project Concept Notes.

3.3.8 Support for climate resilience in the Pacific

The review team was required to assess the adequacy of the World Bank’s response to climate change in its operations. Overall, the team found that the Bank managed this issue well, with DFAT staff and PIC government representatives presenting a largely positive view. Indeed, Australia, New Zealand and the World Bank all appear to be paying more attention to the possible impacts of climate change on the Pacific and how to promote climate resilience in the Pacific. Many PIC governments suggest this is their most important development priority.

PPIUF is actively involved in enhancing the capacity of PICs to cope with climate change through comprehensive strategies encompassing policy, infrastructure, and community engagement. It supports climate resilience in the Pacific through several key initiatives and strategies:

- Analytical work and policy engagements. The PPIUF deepens analytical work and engages in climate and disaster resilience policy discussions. This includes mainstreaming climate interventions and leveraging resources from other development partners to enhance disaster preparedness.
- Investment in resilience projects. PPIUF supports the development of projects aimed at enhancing climate resilience, such as the Pacific Climate Resilient Transport Program, which focuses on making roads, ports, bridges, and other transport infrastructure more resilient to climate change and disasters.[18]
- Disaster risk financing. The program utilises innovative financial mechanisms like the Catastrophe Deferred Drawdown Option, which mobilises immediate funds in a disaster. Between 2018 and 2022, this mechanism provided USD 374 million to Vanuatu, Fiji, and Samoa to respond to their needs following disasters.
- Support for climate resilience policies. PPIUF activities include supporting governments in developing and implementing climate-resilient policies, enhancing institutional capacity, and establishing frameworks for disaster risk management.
- Community-level resilience. Specific projects funded by PPIUF aim to improve community resilience to climate impacts, such as building rainwater tanks in Kiribati to help prepare communities for climate change effects.[19]

All PPIUF projects are screened using the World Bank’s Climate and Disaster Risks Screening Tool to assess exposure and risks, as well as to identify risk mitigation measures.

One Australian official who specialises in climate resilience spoke positively of the World Bank's role in facilitating PIC government access to climate financing facilities.

In 2023, the World Bank committed USD 777 million for climate adaptation and disaster risk management in the Pacific. This support included analytical work, policy reform and investments in adaptation and resilience, such as disaster and climate risk assessments, innovative risk financing mechanisms, risk reduction measures, early warning systems, enhancing resilient housing and infrastructure, and rapid response and damage assessments following disasters. The World Bank has also pledged that at least 35 per cent of its total portfolio will support climate-related co-benefits.[20]

Climate will remain a crucial feature for Australia’s support to the Pacific. The 2050 Strategy for the Blue Pacific Continent outlines the ambition that “all Pacific peoples remain resilient to the impacts of climate change and disasters and are able to lead safe, secure and prosperous lives.” Moreover, Australia has committed to integrating climate objectives into 80 per cent of new aid programs with budgets exceeding AUD 3 million

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[18] World Bank (2025) *PNG and Pacific Islands Umbrella Facility 2024 Annual Progress Report*. March. Data as of December 2024, World Bank Group, East Asia Pacific, Sydney.

[19] World Bank (2023) *Our work in the Pacific Islands and Papua New Guinea*, World Bank Group, East Asia and the Pacific.

[20] See World Bank (2023) *Results Briefs, Building a Resilient Future in the Pacific*, website, December.

(US$ 2 million) as part of its 2023 development policy.[21] This target applies to new initiatives, not the entire aid portfolio. Thus, it will not apply to PPIUF core funding or preferenced projects.

4 Conclusions

This chapter draws on the findings presented in Chapter 3 and presents answers, based on the available quantitative and qualitative evidence, to the five strategic review questions and their sub-questions.

Review Question 1: What is the added value of the World Bank's efforts in the Pacific through the PPIUF?

While it has not been possible to quantitatively define direct attribution, Australia and New Zealand's core funding support to the PPIUF has added value to the World Bank's overall investment in the Pacific Region. This is demonstrated by:

- Increased investments. As of January 2025, the active World Bank PPIUF portfolio has 89 operations with net commitments of USD 3.29 billion. Since May 2021, DFAT and MFAT have committed to providing over USD 74 million (AUD 116 million) in preferenced project funding (see Table 1).
- Increased staffing. World Bank PPIUF staff in the region have grown to close to 200.

Increased engagement in the Pacific Region. PIC governments report a substantial increase in the volume and quality of their engagements with the World Bank, which are aligned with national development priorities.

Sub-question 1.1: Should DFAT continue supporting the World Bank to scale up in the Pacific through PPIUF core funding? Which development outcomes does the World Bank seek to contribute to in the Pacific through the PPIUF?

Since 2021, Australia and New Zealand's core funding support to the PPIUF has allowed it to scale up its work in the Pacific Region significantly. Across most of the indicators discussed in this report (i.e., investments, presence, analytics and studies, project preparation, and PIC government engagement) core funding has proven successful, if somewhat difficult to quantify. The question remains whether this support should continue to scale up further. This is discussed further under sub-question 3.3.

The original outcomes for the PPIUF remain relevant:

- Strengthening the enabling environment.
- Harnessing opportunities for economic growth.
- Building human capital and inclusive infrastructure and service delivery.
- Addressing drivers of fragility, conflict, and violence.

DFAT, MFAT and the World Bank must agree on how these are measured, and no agreement has been reached on how these outcomes, and their corresponding outputs

[21] Department of Foreign Affairs and Trade (2023) *Australia's international development policy*, DFAT, Canberra.

and intermediate results, can be adequately monitored. The review team considers this problem fundamental to the concerns regarding reporting.

Sub-question 1.2: Are these outcomes aligned with priorities for Australia and Pacific Island Countries?

The overall PPIUF portfolio is extremely relevant to Australia's efforts in the Pacific and is well aligned with the development aspirations and plans of PIC governments. PPIUF is working across multiple sectors, geographic areas and cross-cutting themes, proving itself to be flexible to national contexts within a regional framework.

The current PPIUF outcomes (described above) reflect Australia's priorities in the Pacific. Australia's engagement with the Pacific is guided by a strategic framework focused on regional security, economic resilience and climate action, and aligned with the Pacific-led and owned 2050 Strategy for the Blue Pacific Continent, which was endorsed by Pacific Islands Forum members, including Australia.[22] The Australia—Pacific Regional Development Partnership aims for a Pacific Region that remains peaceful, stable, prosperous and equipped to respond to the challenges of our time. The Partnership Plan 2025–2029 has four objectives: a strong and united Pacific family, regional action on climate change and disasters, sustainable and resilient economic development, and wellbeing, inclusion and equity.

Sub-question 1.3: Is the World Bank efficient with the delivery of their efforts in the Pacific through the PPIUF?

The PPIUF relies on the World Bank's proven systems for project development, implementation and monitoring. While the Pacific is notoriously expensive to work in and limited in its ability to achieve scalable outcomes, Australia and New Zealand's core funding support has made these dynamics feasible and beneficial to partner PICs. Core funding subsidises the Bank's work in the region, making it more feasible to invest in early-stage project development and, thus, crowding in more substantial investments to the region over the long term. While efficiencies are achieved by working within the World Bank's management framework, the greatest benefits arise from mobilising increased World Bank resources deployed to the region (e.g., larger IDA allocations).

Review Question 2: Is the World Bank adequately addressing cross-cutting issues in the Pacific including climate change, gender equality, disability and social inclusion in its operations?

PPIUF core funding has enabled the World Bank to improve the quality of its gender equality analytics and advisory support, contributing to country diagnostics and partnership frameworks and operations to reach internal gender tag targets in the Pacific. However, because gender tagging is a design marker, it does not measure the implementation of gender activities and the achievement of gender equality outcomes by investments.

22 Pacific Islands Forum Secretariat (2022) *2050 Strategy for the Blue Pacific Continent*. Pacific Islands Forum Secretariat.

The World Bank's Gender Equality Strategy (2024-2030) may incentivise a stronger focus on gender equality outcomes, which would assist in more closely aligning World Bank and DFAT programming standards.

The World Bank's attention to disability inclusion is fragmented and limited in the Pacific.

The World Bank has been responding well to the increasing demands to address the challenges of climate change and promote climate resilience in the Pacific Region. Many PIC governments suggest climate change is their most important development priority. The PPIUF is enhancing the capacity of PICs to cope with climate change through comprehensive strategies encompassing policy, infrastructure, and community engagement. It supports climate resilience in the Pacific through analytical work and policy engagements, investment in resilience projects, the facilitation of disaster risk financing, and support for climate resilience policies.

Sub-question 2.1: What evidence is there that the World Bank is adequately addressing cross cutting issues including climate change, gender equality, disability, and social inclusion in its operations?

PPIUF core funding has made a substantial contribution to the quality with which the World Bank has met its mandatory requirements on gender equality. It has also contributed to the World Bank's analytical work and policy engagement, which has improved its credibility as a development partner in the women's economic empowerment space in the Pacific.

There is no evidence to suggest that PPIUF core funding is being used to enable the World Bank to implement its commitments to disability inclusion. Core funding has not been used to address the social inclusion of other marginalised populations, such as those facing exclusion due to their sexual orientation, gender identity or expression.

PPIUF integrates climate concerns by focusing on resilience, risk assessment and capacity building, ensuring that climate considerations are central to its planning and implementation processes. It supports projects to enhance climate resilience and disaster preparedness in the Pacific by deepening analytical work and policy engagements focused on climate and disaster resilience. It has mainstreamed climate change interventions into its operations, leveraging resources from other development partners. All PPIUF projects are screened using the World Bank's Climate and Disaster Risks Screening Tool to assess exposure and risks and identify risk mitigation measures.

Sub-question 2.2: How does the PPIUF interact with or complement bilateral Australian investments, other trusts and mechanisms including FIFs and IDA to address cross-cutting issues?

There are good examples of PPIUF core funding supporting World Bank activities that complement and enable Australian bilateral investments. For example, in Fiji, the World Bank Health Sector Review informs policy development aligned to Australia's bilateral health program. In PNG, the World Bank Education PASA and Australia's bilateral support to the sector support the design of a large World Bank investment.

In the case of the Gender Equality PASA, PPIUF core funding is blended with financing from other trusts. There is limited engagement between PPIUF and DFAT bilateral investments for gender equality and disability inclusion, or DFAT GEDSI specialists.

The lack of World Bank gender equality and disability inclusion specialists in the Pacific or CMU hinders engagement and relationship building with DFAT on these priorities.

The PPIUF has supported activities facilitating PIC government access to climate financing facilities.

Review Question 3: Is the PPIUF the right mechanism for Australia's Pacific funding to the World Bank?

The PPIUF is a valuable mechanism for Australia's Pacific funding to the World Bank. Although other potential mechanisms, such as increased support to IDA, may incur lower overhead and transaction costs for operating in the Pacific, such alternatives would not address the structural challenges that the Bank confronts in the region and would be less focused on overcoming those constraints. Therefore, discontinuing support for the PPIUF would reduce the quality, efficiency and effectiveness of Bank operations in the Pacific.

Sub-question 3.1: What benefit does the provision of core funding to support the World Bank's work in the region provide above our IDA contribution?

The major advantage of supporting development in the Pacific through the PPIUF is through the preparation of analytics, policy dialogue and early-stage project documentation. PPIUF core funding has supported early-stage analytical studies (e.g., research, technical studies, feasibility studies) and consultations with PIC governments and other stakeholders that have led to the preparation of feasible, bankable project documents. This has meant that PIC governments, Australia, New Zealand, and the World Bank are more prepared with evidence-based studies and analytics. They can seize funding and investment opportunities as they arise, with ready-made project documents to activate.

Additionally, it is important to highlight that consolidating multiple trust funds prior to PPIUF in the Pacific into a single umbrella enhances coordination, promotes knowledge sharing, and amplifies DFAT's voice, rather than diluting it through various trust funds involving different countries or sectors.

Sub-question 3.2: Do PPIUF governance arrangements provide adequate management oversight of donor funds?

Because the PPIUF is a World Bank facility, it can use all the World Bank reporting and management systems. These systems are robust, generally transparent and well-regarded.

The overall governance arrangements are efficient and manageable. Governance includes the Partnership Council, monthly DFAT and World Bank operational PPIUF meetings, and ad-hoc meetings between the First Assistant Secretary of DFAT's Pacific Economic and Infrastructure Division and the World Bank Country Director for PNG and the Pacific. In addition, DFAT has regular positive engagement with Treasury.

The main problem that has arisen regarding these arrangements concerns the absence of an agreed PAF and the quality and frequency of reporting. In addition, concerns have been raised regarding the limited engagement between the World Bank and the Australian and New Zealand Posts at the country level.

Sub-question 3.3: Should DFAT continue supporting the World Bank's work in the Pacific through the PPIUF?

The Strategic Review Team has considered two options regarding PPIUF core funding.

Option 1. Discontinue or reduce core funding beyond July 2025. This option was considered because it can be argued that core funding has mostly met its objectives. That is, World Bank investment and staffing in the region has increased in recent years, as has World Bank engagements with PIC governments and the project preparation work for future projects and to deliver on IDA replenishments. However, this option is not recommended mainly because the rationale for support for core funding (i.e., to subsidise the high cost of project development and supervision) has not changed, unless the World Bank were to increase the Bank Budget to address these challenges. Moreover, the additionality created by a relatively modest sum of core funding is substantial, and removing this support at this stage would send the wrong message to the World Bank, PICs, and the broader donor community.

Option 2. Continue or increase Australia's annual core funding of AUD 5 million per annum. There are considerable advantages to Australia continuing its core funding support. These stem from the added value described in Chapter 3. By continuing its support, DFAT has the opportunity to regularly engage with and influence the World Bank on a wide range of strategic and practical priorities related to development in the Pacific in key sectors and in important cross-sectoral issues such as gender, disability and climate. While it could rely on its position on the World Bank Board and broader advocacy and engagements with the World Bank globally and in the Pacific Region, this would not allow Australia to interact with the Bank at a level that is directly relevant to the contemporary development challenges facing partner governments in the Pacific. Core funding support to the PPIUF creates this opportunity. Core funding support to the PPIUF provides Australia and New Zealand with credibility as development partners that are prepared to show their commitment to investing in the region and influencing regional multilateral programming.

Review Question 4: How much core funding, if any, should Australia be providing through the PPIUF to support the World Bank's work in the Pacific?

The options for core funding support are discussed above.

In part because of the difficulties of quantitatively attributing the benefits and additionality of core funding support, it is not recommended that the value of core funding is increased. Although the size of the World Bank's portfolio in the Pacific has grown significantly, including the size of the PPIUF preferenced projects, it is not possible to argue that an increase in core funding will lead to an increase in the benefits achieved. Thus, it is recommended that the current contribution be maintained.

However, while a continuation of core funding support is recommended, this should be undertaken based on changes to current arrangements. These are discussed below.

When considering continued core funding support, attention should be given to whether core funds are used for supervising and monitoring existing projects. The major advantage of core funding highlighted in this report is its impact on designing and attracting new investments, increasing the World Bank's presence and PIC government engagement in the region, and supporting analytical studies and early-stage project preparation. While it is also acknowledged that core funding is used to support the supervision and monitoring of existing projects, these costs should be covered in the medium to long term by World Bank project administration fees of the Bank Budget. Thus, going forward, DFAT and MFAT should encourage the PPIUF to strengthen its focus on activities that support project development and new investments.

Review Question 5: What should the World Bank do more of, or do differently, in the Pacific to deliver better outcomes for PICs, Australia's interests and to strengthen the case for Australian core funding?

The following changes are recommended as part of the continuation of core funding support to the PPIUF:

- **Urgent attention should be given to the finalisation of the PAF.** This document is fundamental to any agreements regarding program reporting, the theory of change and the incorporation of critical cross-cutting issues such as gender equity, disability inclusion and climate adaptation.
- **Country-level engagements between the World Bank and the Australian and New Zealand Posts should be significantly improved.** While the solutions for achieving this will vary by country, it is recommended that, in Fiji, PNG and the Solomon Islands, the World Bank, Australia and New Zealand conduct an annual one-day retreat to discuss the progress of the PPIUF portfolio and the emerging pipeline of projects. The Australian and New Zealand High Commissioners or Deputy High Commissioners and thematic leads, the World Bank Country Director and the relevant Task Team Leaders would attend these in-person meetings.
- **Attention should be given to the issue of long-term sustainability.** Australia, New Zealand and the World Bank acknowledge the high cost of working in the Pacific. Indeed, core funding support is considered important because it subsidises the work of the Bank in the region, making it more feasible to invest in early-stage project development and, thus, crowd in larger investments to the region over the long term. However, this issue deserves consideration beyond the next five years. Thus, the PPIUF should prepare a sustainability strategy that analyses the dynamics of its long-term sustainability and presents an approach to exit from core funding support from June 2031 onwards.

In addition, DFAT should **review the design of the PPIUF and its use of preferenced programs and projects.** Because the total value of Australian funds committed to the PPIUF project portfolio exceeds AUD 100 million, it has become a difficult and unwieldy mechanism for directing funds via the PPIUF.

5 Recommendations

The following recommendations are proposed based on the findings and conclusions of the Strategic Review.

5.1 Additionality of Core Funding

5.1.1 Conclusions

Australia and New Zealand's core funding support to the PPIUF has allowed World Bank to scale up its work significantly in the Pacific Region. Across most of the indicators and factors considered (i.e., investments, presence, analytics and studies, project preparation, and PIC government engagement), core funding has proven successful, if somewhat difficult to quantify. However, country-level engagements between the World Bank and the Australian and New Zealand Posts are limited and deserve attention.

While the original outcomes for the PPIUF remain relevant, DFAT, MFAT and the World Bank must agree on how these are measured. The PAF has been a negotiated document for the past five years, and no agreement has been reached on how these outcomes, and their corresponding outputs and intermediate results, can be adequately monitored.

Since it passed the AUD 100 million threshold, the DFAT-PPIUF Agreement has become an unwieldy mechanism for co-financing Australian investments in the region. To continue accommodating new preferenced co-financed projects, it should be redesigned to be more flexible.

5.1.2 Recommendations

Recommendation 1: Continue PPIUF core funding at AUD 5 million annually to June 2031.

Recommendation 2: Australia, New Zealand and the World Bank should invest in better information sharing and engagement at the country level in all PICs, with one-day retreats held annually in Fiji, PNG and the Solomon Islands.

Recommendation 3: DFAT, MFAT, and the World Bank urgently finalise the PAF. This should include agreements on the PPIUF outcomes, outputs, indicators, and reporting cycles, all of which should include indicators and targets related to gender equality, disability inclusion and climate adaptation. While the PAF will accommodate projects co-financed by Australia and New Zealand, it should also include indicators related to PPIUF core funding.

Recommendation 4: DFAT, MFAT, and the World Bank formulate a PPIUF sustainability strategy by July 2026 that analyses the dynamics of its long-term sustainability and presents an approach to exiting from core funding support from June 2031 onwards. The World Bank should commission this strategy, which would then be endorsed by the Partnership Council by December 2026.

Recommendation 5: DFAT review the design of the PPIUF to ensure it is a flexible mechanism for Australian Government support for preferenced projects in the Pacific.

5.2 Gender Equality

5.2.1 Conclusions

PPIUF core funding has enabled the World Bank to improve the quality of its gender equality analytics and advisory support contributing to country diagnostics and partnership frameworks, and for operations to reach internal gender tag targets in the Pacific. However, the World Bank's gender tagging does not measure the implementation of gender activities and achievement of gender equality outcomes by investments. It is therefore a soft and inadequate indicator of performance.

The World Bank's Gender Equality Strategy (2024-2030) may incentivise a stronger focus on gender equality outcomes, which would assist in more closely aligning World Bank and DFAT programming approaches.

5.2.2 Recommendations

Recommendation 6. World Bank to review the scope and resourcing of the Gender Equality PASA and investigate other avenues to increase the presence of gender experts in the region, respond to demand for increased technical expertise for analytics and operations, and pivot to support the implementation of the World Bank Group Gender Equality Strategy (2024-2030).

Recommendation 7. World Bank and PPIUF donors to consider the pros and cons of shifting the Gender Equality PASA out of core funding and into preferenced funding or creating a supplementary preferenced gender equality project where engagement with PPIUF donors, scope for country-specific alignment and partnership, and visibility of deliverables would be stronger.

5.3 Disability

5.3.1 Conclusions

The World Bank's attention to disability inclusion is fragmented and limited in the Pacific. There is a wide gap between the policy and programming standards of DFAT and World Bank on disability inclusion and PPIUF has not contributed to reducing this gap.

5.3.2 Recommendations

Recommendation 8. World Bank to consider development of a standalone disability inclusion PASA that is focused on supporting the implementation of the World Bank Disability Inclusion and Accountability Framework in selected sectors in the Pacific; with specific consideration to be given to (i) data and (ii) infrastructure.

Annex 1: Terms of reference

PPIUF Strategic Review

Background

The PPIUF is a multi-donor trust fund supporting broad-based, sustainable and inclusive growth in PNG and the Pacific, which enables Australia (DFAT) (and New Zealand - MFAT) to support the World Bank's expansion of resources, expertise and efforts in the region. The investment maximises lending opportunities for Pacific Islands countries, and increases the World Bank's analytical, capacity building, project preparation and design, and budget support operations.

The PPIUF, which is managed by a World Bank team (under the direction of a trust fund manager), provides Australia with a one-stop-shop through which to support the World Bank's work in the Pacific, across all Pacific Island countries and all World Bank thematic areas. As an all-encompassing vehicle for DFAT's funding to the World Bank specifically for the Pacific, the PPIUF mechanism seeks to improve strategic alignment, increase efficiency, reduce fragmentation and transaction costs, and enhance management oversight.

An annual Partnership Council attended by all three Partners (World Bank, DFAT and MFAT) provides strategic guidance and direction on implementation of the PPIUF and the World Bank's work across the Pacific, and reviews progress reports provided by the World Bank based on the PPIUF's results framework (note the PPIUF's Performance Assessment Framework is being finalised by the World Bank in collaboration with DFAT and MFAT).

Through the PPIUF, Australia supports:

- bank-executed (World Bank implemented) and recipient-executed (recipient government implemented) initiatives;
- core funding of World Bank operations in the Pacific including staffing, office costs, advisory services and analytics, country monitoring and operation support activities, and project identification, design, implementation, and supervision support (AUD25m committed and paid to date); and
- preferenced funding for specific projects across numerous thematic areas and Pacific Island countries (AUD127.6m committed and AUD98.6m paid to date).

Australia entered its PPIUF arrangement with the World Bank in June 2021, which is scheduled for completion in May 2031. Other Australian-World Bank legacy trust funds (separate to the PPIUF) supporting work in the Pacific remain in place until their completion, and Australia will continue to support broader World Bank efforts (beyond the Pacific) through its International Development Association (IDA) contributions and global/thematic trust funds. Australia has committed and paid a total of AUD25m in core funding to the World Bank through the PPIUF between financial years 2020-2021 to 2024-2025 (equating to AUD5m per annum) to support their Pacific operations. However, a decision on DFAT's future core funding commitments post financial year 2024-2025 (until the PPIUF's conclusion in 2030-2031) has not yet been made. This review will assist DFAT decision-making regarding further core funding.

Purpose of the PPIUF Strategic Review

The purpose of the Strategic Review is to increase DFAT's understanding and evidence of the **additionality** of our PPIUF core funding, and to guide DFAT decision making about future PPIUF core funding (from financial year 2025-2026 to financial year 2030-2031).

DFAT had intended to utilise findings of the 2024 World Bank commissioned independent evaluation of the PPIUF and its predecessor program, Pacific Facility 4 (PF4), to inform this decision.

Scope of the PPIUF Strategic Review

To support DFAT decision making about future core funding to the World Bank through the PPIUF, the PPIUF Strategic Review specifically seeks to understand:

1. What is the value-add of the World Bank's efforts in the Pacific through the PPIUF? (effectiveness)
    - Should DFAT continue supporting the World Bank to scale up in the Pacific through PPIUF core funding? Which development outcomes does the World Bank (seek to) contribute to in the Pacific through the PPIUF?
    - Are these outcomes aligned with Australia and Pacific Island country (PIC) priorities? (relevance)
    - Is the World Bank efficient with the delivery of their efforts in the Pacific through the PPIUF?
2. Is the World Bank adequately addressing cross-cutting issues in the Pacific including climate change, gender equality, disability and social inclusion in its operations?
    - What evidence is there that the World Bank is adequately addressing cross cutting issues including climate change, gender equality, disability, and social inclusion in its operations?
    - How does the PPIUF interact with or complement bilateral Australian investments, other trusts and mechanisms including Financial Intermediary Funds (FIFs) and IDA to address cross-cutting issues?
3. Is the PPIUF the right mechanism for Australia's Pacific funding to the World Bank?
    - What benefit does the provision of core funding to support the World Bank's work in the region provide above our IDA contribution?
    - Do PPIUF governance arrangements provide adequate management oversight of donor funds? (efficiency)
    - Should DFAT continue supporting the World Bank's work in the Pacific through the PPIUF?
4. How much core funding, if any, should Australia be providing through the PPIUF to support the World Bank's work in the Pacific?
5. What should the World Bank do more of, or do differently, in the Pacific to deliver better outcomes for PICs, Australia's interests and to strengthen the case for Australian core funding?

Addressing these questions will assist DFAT to determine whether the PPIUF remains the most appropriate vehicle for Australia's Pacific investment in the World Bank, and to calibrate the amount of core funding it provides.

Methodology and Timeframe

The Strategic Review will be undertaken by a Strategic Adviser who has experience in evaluating aid programs funded by DFAT in the Pacific. Ideally the Strategic Adviser will have experience working with the World Bank and will have a thorough understanding of the Pacific context, and Australia's priorities in the Pacific Region. A DFAT officer or officers is expected to accompany the Strategic Adviser on the country visits and to participate in consultations. The Strategic Adviser will be supported by a GEDSI specialist who will undertake a desktop analysis of GEDSI integration in existing World Bank programs that are funded through the PPIUF, including with regards to mainstreaming, robust safeguards and appropriate monitoring and evaluation.

Within a week of commencement, the Strategic Adviser will provide a work plan, outlining the methodological approach, draft mission plan, interview schedule and questions, including planned consultations.

It is expected that the methodology will include:

- A review of PPIUF documents and relevant DFAT guiding policies (to be provided by DFAT)
- A review of the draft report of the World Bank commissioned 2024 Independent Evaluation
- Engagement with the Economic Policy and Partnerships section (EPS), Assistant Secretary of the Pacific Economic and Trade Branch (PEB), Lead Economist for the Pacific, DFAT's Advisor to the World Bank Board of Directors and Multilateral Development Section (MUS) of DFAT in Canberra to obtain their views on proposed evaluation questions
- Engagement with the Economic Policy and Partnerships (EPS) in Canberra prior to country visits
- Country visits to be determined by DFAT in consultation with the reviewer. Anticipated to visit two Pacific Island countries.

The review team will be expected to engage with DFAT Canberra, World Bank officials based in Sydney, a broad cross-section of relevant stakeholders during country visits, including but not limited to partner country government officials, project managers, World Bank country staff, funding recipients and staff from Australian and New Zealand High Commissions/Embassies. The team will take an inclusive approach to consultation, ensuring that it provides women with a voice in the consultation process and proactively seeking engagement with Organisations of Persons with Disabilities (OPDs). The specific way in which the team intends to engage women and people with disabilities in the consultation process should be addressed in the workplan. The Strategic Adviser will feed the GEDSI Adviser notes from the missions as they happen or at the end of each country visit so as to provide opportunity to adapt the GEDSI line of questioning to be most useful. The GEDSI Adviser will participate virtually in GEDSI-specific consultations such as those proposed with OPDs, WB GEDSI specialists and national Ministry of Women and women's organisations.

The Strategic Review will be conducted between February and beginning-May 2025. Pending approval of the work plan, the following time allocations are anticipated (**up to a maximum of 60 days**):

Activity	Input (number of days)	Timeline/frame
Verbal briefing provided by WB, DFAT, and MFAT	Strategic Adviser GEDSI Adviser	Week commencing 3 February 2025
Desktop review of documents; Strategic Adviser reviews ToRs	Strategic Adviser – 3 days GEDSI Adviser – 2 days	Week commencing 3 February 2025
In-person briefing with DFAT Canberra and World Bank Sydney Officials, and virtual briefings with DFAT, MFAT, World Bank officials and PIC stakeholders.	Strategic Adviser – 5 days GEDSI Adviser – 1 day (online)	Week commencing 10 February
Drafting and submission of draft evaluation plan to DFAT and WB, inclusive of draft mission schedule and interview questions	Strategic Adviser – 5 days GEDSI Adviser – 1.5 days	21 February 2025 21 February 2025
Feedback provided to team	DFAT	26 February 2025
Submission of final evaluation plan	Strategic Adviser – 2 days GEDSI Adviser – 1 day	28 February 2025
In-country mission – up to two Pacific Island Countries	Strategic Adviser – 13 days total (3-5 days per country, excluding travel) GEDSI Adviser – 2 days (online)	Week commencing 10 March – 28 March 2025
Interviews/mtgs with DFAT (Canberra/online with post), World Bank (Sydney), MFAT (online) and PIC stakeholders to complement in-country missions	GEDSI Adviser – 2 days (online)	-
Evaluation report drafting and submission of draft evaluation report	Strategic Adviser – 10 days GEDSI Adviser – 5 days	16 April 2025

Activity	Input (number of days)	Timeline/frame
Socialisation of preliminary findings with DFAT	Strategic Adviser – 0.5 days GEDSI Adviser – 0.5 days	18 April 2025
Feedback provided to team	DFAT	28 April 2025
Submission of final evaluation report	Strategic Adviser – 5 days GEDSI Adviser – 2 days	9 May 2025

Roles and responsibilities

The roles and responsibilities are based on the comparative agency, knowledge, skills, and capacities of DFAT, the evaluation team and the PRES team.

The **Strategic Adviser** will be the key contact point for the evaluation and will be responsible for all interaction with DFAT, MFAT, the Bank and PIC stakeholders. The Strategic Adviser will be responsible for developing all deliverables listed above as well as collating GEDSI Adviser and DFAT, MFAT, WB and PIC counterpart/stakeholder input and feedback. The Strategic Adviser will take part in the in-country mission. The Strategic Adviser will lead the process of drafting and finalising the evaluation documentation and maintaining effective communications with DFAT and with the PRES Deputy Team Leader who will ensure the quality and timely delivery of all evaluation deliverables and the efficient conduct of the independent evaluation

The Strategic Adviser will also assess the extent to which appropriate climate change activities have been implemented, whether these activities are relevant and use lessons learned to inform future programming and activity management.

The **GEDSI Adviser (desk-based)** will be responsible for answering the question about whether the PPIUF is adequately addressing Australian and PIC priority cross cutting issues including gender equality, disability, and social inclusion in its operations. The GEDSI Adviser will not participate in the in-country mission.

They will explore the linkages between the gaps and issues that women face in the Pacific and the indicators chosen to demonstrate progress in addressing these issues. They will also seek to understand and whether the current GEDSI activities are relevant. The GEDSI Adviser will provide input into all deliverables and attend all meetings with a GEDSI lens.

The **DFAT Officer/s** will accompany the Strategic Adviser and will be responsible for maintaining the Australian government policy and program perspective throughout the evaluation. This will require regular inputs around relevant aid policy and diplomatic priorities as well as identification of additional relevant DFAT and other stakeholders to be consulted.

Collectively the team must have:

- Experience in the evaluation of governance arrangements and management mechanisms of different partnership arrangements and aid modalities in various country programs, particularly trust funds.

- Proficient in evaluation methods applicable in assessing the relevance, effectiveness, efficiency, sustainability, and impact of different partnership arrangements and aid modalities, particularly trust funds.
- Familiarity with World Bank, DFAT, operations, and procedures.
- Solid information analysis and report writing skills.
- Experience in adhering to ethical standards for undertaking evaluations (e.g. informed consent, anonymity and confidentiality, data storage and security); and
- Prior experience of working in a Pacific context.

Evaluation Governance

The Strategic Adviser will report to the Canberra based, DFAT PPIUF Trust Fund Manager during the engagement and will consult DFAT regarding the evaluation methodology/plan and in-country mission meetings/plan. The Adviser will provide DFAT with updates as required and as agreed by both parties. The PRES Deputy Team Leader should be included in all email correspondence to be appraised of the team's progress but not necessarily have separate communication with the evaluation team to avoid overburdening the team.

The DFAT/PPIUF trust fund manager should be cc'd in all email correspondence containing evaluation material, including before PRES' quality assurance for DFATs visibility. The Strategic Adviser will submit all deliverables to the PRES Deputy Team Leader for quality assurance prior to submitting them to DFAT for approval. Once the deliverable has been reviewed and approved for submission to DFAT, the Strategic Adviser will send it to DFAT (while cc'ing in the DTL).

The PRES MEL Adviser will provide an informal review of the draft evaluation plan and report and will work with the Strategic Adviser to ensure that the evaluation is conducted in a manner that meets DFAT's evaluation standards.

Deliverables

Drafts of all deliverables are to be submitted to the PRES Deputy Team Leader for quality assurance purposes and approval prior to being submitted to DFAT for approval, the DFAT PPIUF Trust Fund Manager should be cc'd into this correspondence for visibility.

Deliverable	Detail	Completion dates 2025 (indicative)
Draft Evaluation Plan	A Draft Evaluation Plan of no more than 10 pages excluding annexes. The evaluation plan will be drafted prior to the commencement of the in-country missions. The evaluation plan should include: • An evaluation design that describes a logical model for assessing the activity, including an evaluation matrix • A process for information collection and analysis within the allocated timeline and resources	21 February 2025

Deliverable	Detail	Completion dates 2025 (indicative)
	• A list of organisations, and individuals that will be consulted and a corresponding In-country Mission Plan. • Key interview questions for each stakeholder group. • Identify any substantive challenges to achieving the evaluation objectives that will have to be addressed.	
Final Evaluation Plan	The Final Evaluation Plan should address all comments and questions on the draft	28 February 2025
In-country Mission Plan	The in-country mission plan should specify the number of days required per country and key stakeholder meeting plan.	28 February 2025
Draft Evaluation Report	The Draft Evaluation Report should address the evaluation questions and be targeted to the needs of the intended users. The report should have a succinct and clear executive summary; written in plain English that can be read as a stand-alone document. Key achievements and challenges should be clearly presented in the executive summary, throughout the report and should be evidence-based. The conclusions and recommendations should be practical and strategic; judgements should be clear and unambiguous, and reasoning for the judgements should be transparent. Case studies can be included. DFAT may also share the draft report with the Bank and MFAT for comments.	16 April 2025
Final Evaluation Report	The Final Evaluation Report of no more than 25 pages (excluding annexes) must consider comments on the draft made by DFAT and peer reviewers. DFAT may also share the draft report with MFAT and the Bank for comments.	9 May 2025

Annex 3: List of documents reviewed

Publications and reports

Australian Government (2021) *World Bank Pacific and Papua New Guinea Umbrella Facility (PPIUF); Partner-Led Design – Investment Design Summary*, DFAT, Canberra.

DFAT (2025) "Australia's Climate Action In partnership with the Pacific," *Factsheet*, February, DFAT, Canberra

— (2025) "Supporting Sustainable Oceans in the Pacific," *Factsheet*, February, DFAT, Canberra

— (2025) *Australia's International Gender Equality Strategy for a Safer, More Prosperous Indo-Pacific and World*, DFAT, Canberra

— (2024) *Australia's International Disability and Equity and Rights Strategy; Advancing Equity to Transform Lives*, DFAT, Canberra

— (2023) *Australia's international development policy*, DFAT, Canberra.

— (2021) *Ethical Research and Evaluation* Guidance Note.

— (nd) "Integrating climate change into Australia's development assistance," *Good Practice Note*, DFAT, Canberra

DFAT online resource "Ethics, Integrity and Professional Standards Policy Manual" available at: https://www.dfat.gov.au/about-us/publications/corporate/ethics-integrity-and-professional-standards-policy-manual#archive

Pacific Islands Forum (2023) Revitalised Pacific Leaders Gender Equality Declaration, Pacific Islands Forum Secretariat, Suva, Fiji.

— (2022) *2050 Strategy for the Blue Pacific Continent*; Pacific Islands Forum Secretariat. Suva, Fiji

Tobin, R.J. (2024) *Evaluation of the World Bank's Pacific Facility 4 Multi Donor Trust Fund and the Papua New Guinea and Pacific Islands Umbrella Facility Multi Donor Trust Fund*, October.

Winckler Andersen, O., Hansen, H. and Rand, J. (2021) "Evaluating financial and development additionality in blended finance operations", OECD Development Co-operation Working Papers, No 91 OECD Publishing, Paris.

World Bank (2025) *PNG and Pacific Islands Umbrella Facility 2024 Annual Progress Report*. March. Data as of December 2024, World Bank Group, East Asia Pacific, Sydney.

— (2024) *Gender Equality Program PASA, Progress Review*, December.

— (2024) *World Bank Group Gender Strategy 2024-2030; Accelerate Gender Equality to End Poverty on a Liveable Planet*, World Bank Group, Washington DC.

— (2024) *An Evaluation of World Bank and International Finance Corporation Engagement for Gender Equality over the Past 10 Years*. Independent Evaluation Group. Washington, DC: World Bank.

— (2024) *Back on Track? The Imperative of Investing in Education*. March. World Bank, Washington, DC.

— (2024) *Diminishing Growth amid Global Uncertainty: Ramping up Investment in the Pacific.* October. World Bank, Washington, DC.

— (2024) Navigating Turbulent Waves Toward Sustained Poverty Reduction: Tonga Poverty and Equity Assessment 2024. World Bank

— (2024) Pacific Facility 4 and *PNG and Pacific Islands Umbrella Facility 2023 Annual Progress Report*. February. Data as of December 2023, World Bank Group, East Asia Pacific, Sydney.

— (2023) *Gender Equality Program PASA, Progress Review*, October.

— (2023) *Recovering in the Midst of Uncertainty.* August. World Bank, Washington, DC.

— (2023) *Results Briefs, Building a Resilient Future in the Pacific*, website, December.

— (2023) *Pacific Economic Update, February 2023*. World Bank, Washington, DC.

— (2023) *Papua New Guinea Economic Update. Unlocking the Economic Benefits of Gender Equality*. March.

— (2023) *Our work in the Pacific Islands and Papua New Guinea*, World Bank Group, East Asia and the Pacific.

— (2022) *Disability Inclusion and Accountability Framework*, World Bank, Washington DC

— (2021) *Concept Note Gender Equality Program PASA*, June.

— (2021) *Reference Guide on Adaptation Co-Benefits; A Comprehensive Guide to Capturing Climate Change Adaptation Co-Benefits Generated by World Bank Projects*, Climate Change Group, World Bank Group, Washington DC

— (nd) *Our Work in the Pacific Islands and Papua New Guinea*, World Bank Group, East Asia and Pacific

Other

PPIUF Annual Investment Monitoring Reports

DFAT (2021) PPIUF Concept Note, 29 January 2021

Administration Agreements and Supplemental Arrangements

List of all active, pending and closed grants funded during the evaluation period

Progress reports covering the review period (i.e., June 2021 to present)

Pacific Possible: Long-term Economic Opportunities and Challenges for Pacific Island Countries

Systematic Country Diagnostic for the Eight Small Pacific Island Countries

PNG Systematic Country Diagnostic

PNG Country Partnership Framework

Fiji Country Partnership Framework 2021-2024

Solomon Islands Country Partnership Framework

Regional partnership framework for 9 PICs

Pacific Islands Monthly Dashboards (as relevant)

Communications Summary for PF4

Relevant MFAT strategies

Partnership reviews

WB, DFAT and MFAT's Monitoring and Evaluation Standard

Mid-Point Evaluation of PF4

World Bank Response to the Recommendations of the PF4 and PPIUF Evaluation

CAUSE and CAUSE 2 documents:

- World Bank, Enhancing the Economic Participation of Vulnerable Young Women in Solomon Islands, CAUSE Project, 2019.
- World Bank. IDA Project Appraisal Document. Solomon Islands Community Access and Urban Services Enhancement Project. September 19, 2024.
- DFAT, Concept Investment Note for CAUSE 2, April 2025.
- World Bank, CAUSE 2 Gender Equality, Disability and Social Inclusion (GEDSI) Analysis, August 2024.

Annex 2: List of people interviewed

Department of Foreign Affairs and Trade

Andrew Cumpston, Assistant Secretary, Trade and Economics Branch

Robert Christie, Assistant Secretary, Development Finance and Economics Branch

Jonathan Pryke, Lead Economist, Office of the Pacific

Nick Cumpston, Director, Multilateral Banks Section

Joanna Pickles, Economic Policy and Partnerships Section

Tamika Underwood, Economic Policy and Partnerships Section

Jonathan Perotti, Economic Policy and Partnerships Section

Rosie McCrossin, Office of the Pacific Economic Section

Anisha Gupta, Economic Policy and Partnerships Section

Ben Power, Director, Regional Trade and Private Sector Section

James Sweeting, Director, Fiji Section

Nathan Barker, Fiji Section

Nicholas Costello, Fiji Section

Darrell Hawkins, A/g Director, Solomon Islands Economic & Development Section

Matthew Boyce, Solomon Islands Economic & Development Section

Paul Kaletsis, Solomon Islands Economic & Development Section

Claire Chivell, Director, Climate Section

Sandra l'Anson, Climate Section

Krishni Goonesena, Gender and Culture Section

Geraldine Tyson, Gender and Culture Section

Holly Berry, Gender Equality, Disability and Social Inclusion Branch

Elizabeth Cowen, Gender Equality, Disability and Social Inclusion Branch

Australian Treasury

Shaanti Sekhon, Director, Multilateral Development Banks Unit

Leigh Soding, Multilateral Development Banks Unit

Annabelle Jarrett, Multilateral Development Banks Unit

Australian High Commission, Fiji

Clair McNamara, Deputy High Commissioner

Andrew Shepherd, Counsellor, Economic Growth, Trade and Governance

Sophie Temby, Counsellor, Human Development

Erin Magee, First Secretary, Infrastructure and Humanitarian

Keshwa Reddy, Senior Program Manager, Governance and Budget Support

Iliesa Lutu, Senior Program Manager, Regional Governance, Social Inclusion and UN Partnerships

Australian High Commission, Solomon Islands

Andrew Schloeffel, Deputy High Commissioner

Craig Gillies, Counsellor, Infrastructure

Nicholas Saundersson, First Secretary, Economic

Samantha Bell, First Secretary, Infrastructure

Kate Chapman, Second Secretary, Infrastructure

Australian Embassy, Washington DC

Ben David, Minister Counsellor on Pacific affairs and International Development

New Zealand Ministry of Foreign Affairs and Trade

Adele Plummer, Unit Manager, Multilateral

Norman Larocque, Lead Adviser, Development Banks

Emma Hartland, Multilateral

Phoebe Hardefeldt

World Bank, Sydney

Stephen N. Ndegwa, Division Director, PNG and the Pacific Islands

Naveed Hassan Naqvi, Head of Operations, PNG and the Pacific Islands

Kara Mouyis, PPIUF Trust Fund Manager

Hamish Wyatt, External Affairs, PNG and the Pacific Islands

Gitanjali Ponnambalam, Operations Analyst, PNG and the Pacific Islands Jasmina Kijevcanin, M&E Specialist

Rajesh Rohatgi, Program Leader, Infrastructure

Thomas Walker, Program Leader, Human Development

Sonya Woo, Program Lead, Sustainable Development

Ifeta Smajic, Senior Social Development Specialist

Shawn Powers, Senior Education Specialist

Kari Hurt, Senior Operations Officer, Health

Mo Kham Nang, Senior Economist, Health

Simone Esler, Senior Climate Change Specialist

Caroline Sage, Social Development consultant

Vishesh Agarwal, Economist

Taufik Indrakesuma, Economist

World Bank, Fiji

Stefano Mocci, Country Manager (based in Fiji, looking after 9 PICs)

Margareta Norris Harrit, Senior Health, Nutrition & Population Operations Specialist

Lilika Fusimalohi, Gender and Social Development

Mehwish Ashraf, Senior Economist

World Bank, Pohnpei

Omar Lyasse, Resident Representative, RMI & FSM

World Bank, Port Moresby

Khwima Nthara, Country Manager, PNG

World Bank, Solomon Islands

Annette Leith, Country Representative for Solomon Islands and Vanuatu

World Bank, Washington

Katrina Harrigan, Advisor to Executive Director EDS09, World Bank Board

Sarah Haddock, Gender Focal Point for Pacific

Sama Khan, Gender Specialist

New Zealand High Commission, Fiji

Alex Shahryar-Davies, Deputy High Commissioner

New Zealand High Commission, Solomon Islands

Marni Gilbert, First Secretary

Government of Fiji

Nemia Dawai, Acting Permanent Secretary, Ministry of Finance

Poonam Singh, Acting Head, Strategic Planning Office

Rozia Bi, Ministry of Women, Children and Social Protection

Fiji Council of Social Services

Vani Catanasiga, Director

Josaia Tokoni, Programme Manager

Government of Solomon Islands

Allan Lilia, Permanent Secretary, Ministry of Infrastructure Development

Mike Qaqara, Deputy Secretary, Ministry of Infrastructure Development

Andrew Houlia, Deputy Secretary, Ministry of Infrastructure Development

Agnes Takutile, NTF Secretariat, Ministry of Infrastructure Development

Patrick Reoka, Chief Planning Officer, Ministry of Infrastructure Development

Thaddeus Siota, Director, Ministry of National Planning and Development Coordination

Sylvia Aratara, Director, Ministry of Finance and Treasury

Disabled Peoples' Association Solomon Islands

Caspar Faasala

Solomon Islands National Council of Women

Afu Billy, NCW President

Kristina Sogavare, Vice President

Anne Butafa, President Honiara Council of Women

Janet Tuhaika, NCW General Secretary

Alice Hou, President Guadalcanal Provincial Council of Women

Pacific Disability Forum and National Council for Persons with Disabilities

Sanimili Tawake, CEO

Laisa Vereti, Director Operations

Aporosa Ranuka, NCPD