

**Independent Evaluation: Tropical Cyclone Pam Recovery Program  
MANAGEMENT RESPONSE**

### Investment Summary

<b>Investment Name</b>	Tropical Cyclone Pam Recovery Program
AidWorks reference	Investment INL372
Original dates:	1 July 2015 to 30 June 2018
Amended dates:	1 July 2015 to 30 June 2019 (signed 19 April 2018)
Original value:	Total value: A\$35,000,000 (A\$34,700,000 was transferred to the Reserve Bank of Vanuatu in June 2015 in a single tranche governed by a Direct Funding Agreement (DFA) and A\$300,000 was retained to cover administrative and staffing expenses)
Implementing partner:	Government of Vanuatu (across multiple Ministries)
Country/Region:	Vanuatu
Primary sector:	Recovery
Initiative end of program outcomes:	<ol style="list-style-type: none"> <li>1. Improved health and education facilities through restored buildings in select communities</li> <li>2. Improved public service delivery through restored buildings in select communities</li> <li>3. Improved livelihoods through increased skills and market access opportunities in select communities; and</li> <li>4. Improved disaster preparedness through increased knowledge of protection issues amongst vulnerable groups in select communities.</li> </ol>

### Review Summary

The purpose of the independent evaluation was to assess the performance of the recovery program, alignment with strategy, use of Vanuatu systems, good practice considerations and the relationship between Australia and Vanuatu in supporting the recovery effort following Tropical Cyclone Pam. The evaluation would also inform decisions about how future recovery support is programmed and delivered, and generate insights and lessons that could inform implementation of DFAT's broader humanitarian strategy.

#### Review Team:

- Paul Crawford (independent consultant and review team leader)
- Kirstin Donaldson (Vanuatu desk officer, DFAT Canberra)
- Liku Jimmy (Program Manager, Australian High Commission, Port Vila)

The evaluation took place between May and July 2018, with the team in Vanuatu from 4-15 June 2018. Consultations were conducted in Port Vila and on the island of Tanna. An aide memoire was presented to the Vanuatu Government (GoV) hosted by the Department of Strategic Planning, Policy and Aid Coordination (DSPPAC), in the Prime Minister's Office, at the conclusion of the field visit.

**Key messages:**

- DFAT adopted a, largely, untested bilateral aid modality in Vanuatu for the TC Pam Recovery Program, which fostered strong ownership by GoV and provided an endorsement of Vanuatu's autonomy and financial institutions.
- It provided a clear demonstration of Australia's commitment to 'good donorship' principles.
- Use of GoV systems reduced Australia's control over the program and as such reduced DFAT's exposure to risk in Vanuatu, but not in Australia.
- Although delayed and necessitating a one-year no-cost-extension, the program is widely acknowledged to have contributed significantly to alleviating the impact of TC Pam and strengthening the bilateral relationship between Australia and Vanuatu.

**Overall response to the evaluation**

DFAT welcomes the evaluation findings and acknowledges the recommendations. DFAT will consider the key lessons learned in any future recovery programs. More detailed responses to each recommendation are included in the table below:

## Response to recommendations

RECOMMENDATION	RELATED KEY LESSONS	RESPONSE (AGREE/PARTIALLY AGREE/DISAGREE)	IF PRACTICAL, SPECIFY TIMEFRAME HERE
<p><i>Recommendation 1: DFAT should base future recovery programs on planning that considers the merits of different modality options in the country context, including implications for implementation timeframes and management resources.</i></p>	<p>The absence of a clear articulation of the expectations and requirements of each party to the DFA contributed to frustration and delays in programming the funds and commencing implementation.</p> <p>Alternative or blended modalities may have enabled more timely and efficient implementation, while still achieving capacity development benefits.</p> <p>The TC Pam modality involved more intensive program management by DFAT than is typical with an outsourced program of this budget.</p> <p>The proliferation of discrete Project Management Units (PMUs) created competition for skills and inefficiency due to duplication of functions across ministries, compared with a modality that pools human resources and centralises procurement and supply chain management.</p> <p>The underlying arguments for PMU-led implementation (greater operational control by GoV, reduced cost and civil service capacity development) were not clearly borne out.</p>	<p><b>Agree:</b> Since TC Pam, analysis of recovery programs undertaken by DFAT Humanitarian division (HPD) has documented a number of key lessons. This evaluation validates many of these.</p> <p>Lessons include the need for realistic recovery timeframes, the importance of adequate staffing and the value of having access to expertise. In addition, DFAT experience shows the need for careful consideration of recovery partners, modalities, sectors and geographic focus vis-à-vis the existing Aid Investment Plan.</p> <p>For future humanitarian events, involving a significant recovery package HPD will support the Post of the affected nation to develop a short recovery plan in the early stages of the event. The plan will examine, inter alia, programming options, levels and sources of finance, and staffing requirements (including supplementation where required).</p> <p>Humanitarian division will also update its Early Recovery – Humanitarian Strategy Guidance note to reflect these lessons and more clearly articulate what support HPD can provide to Posts.</p>	<p>HPD support arrangements for recovery planning to be put into effect as part of the next humanitarian response.</p> <p>Updated guidance to be completed by June 2019.</p>

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<p><i>Recommendation 3: DFAT's future recovery programming should minimise engagement in sectors in which there is limited prior experience and undeveloped working relationships.</i></p>	<p>Implementing projects in new sectors in a recovery program introduced inefficiencies and risks.</p>	<p><b>Agree:</b></p> <p>In the response to recommendation one, Humanitarian division has undertaken to support the development of event specific recovery plans. Recovery plans will reflect the priorities, sectors and partners outlined in the existing Aid Investment Plan as a priority. Where there are significant unmet needs in a sector or geographic area DFAT may consider an amendment to the AIP. A relevant example of this can be found in Australia's support to the province of Aceh following the 2004 Indian Ocean Tsunami.</p>	<p>HPD support arrangements for recovery planning to be put into effect as part of the next humanitarian response.</p>
<p><i>Recommendation 5: If the TC Pam recovery modality is employed in the future, DFAT should moderate expectations in relation to Australian aid policy priorities to reflect reduced donor control, in line with the use of general/sector budget support.</i></p>	<p>DFAT's internal design processes and policy priorities were not amended to reflect reduced donor control in line with a partner-led modality.</p> <p>Being absent from the program governance arrangements meant that DFAT's policy priorities and design processes were not readily addressed—most notably in relation to gender equality—but arguably fostered greater GoV ownership of the program.</p> <p>Use of GoV systems fostered clear ownership of the program by GoV and reduced DFAT's risk exposure in Vanuatu, but not in Australia.</p>	<p><b>Partially Agree:</b> When it comes to investments of any kind involving Australian tax-payer funds on aid, DFAT's priority is to ensure that our funds are well managed and achieve progress towards key goals. Our aid management policies are principles-based. They are applied by investment managers on a case-by-case basis, taking into account risks, investment value and context. We have five safeguard principles that apply to all aid investments, this includes a principle of working effectively with partners, complying with partner country safeguard laws and policies and where possible, building partners' capacity.</p> <p>The key lessons DFAT has identified in budget support programs is to negotiate upfront regarding policy intent, key objectives, any earmarking of DFAT's funding, performance assessment framework, risk management and quality assurance, with clear governance mechanisms for ongoing decision making and monitoring and evaluation. We've also learned that strategically placed technical assistance is also important particularly in procurement, infrastructure and</p>	

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		finance to unblock inevitable bottlenecks in implementation, and to promote social inclusion (gender/disability). DFAT wants to ensure partner governments have full ownership over budget support programs using their systems and DFAT's ongoing role is in policy dialogue around key reforms, flexible technical assistance support, while ensuring accountability and a focus on performance and results.	
<i>Recommendation 8: Future recovery programs should define principles such as 'build back better' in locally relevant ways and confront the issue of pre-disaster decline.</i>	Principles such as 'Build Back Better' were not clearly defined in locally relevant ways.	<b>Partially Agree:</b> It is important that stakeholders understand that 'build back better' will often be more expensive. However it is unlikely that an ex ante definition of 'build back better' will lead to fewer trade-offs between cost and scope. Data from damage assessments, engineer's specifications and construction cost estimates are important inputs to the final shape of a recovery package.	Port Vila post will engage with the Vanuatu Government to define a locally appropriate build back better definition by 1 March 2019.
<i>Recommendation 2: The AHC should work with DSPPAC to convene a reflection and review exercise that enables stakeholders to capture lessons for future recovery programs in Vanuatu.</i>		<b>Agree:</b> The findings of this evaluation will be shared with the Vanuatu Government's National Recovery Committee for their consideration. Port Vila post will propose to DSPPAC that a reflection and review exercise is conducted with stakeholders.	
<i>Recommendation 4: DFAT should offer technical support to GoV to strengthen the NRC, given its likely role in future recovery efforts.</i>		<b>Partially Agree:</b> The PMO has the responsibility to oversee and coordinate recovery work.  Post provides a range of technical support to the PMO through the Governance for Growth Program (GfG), and will continue	

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		<p>to offer support to the PMO and not only the National Recovery Committee.</p> <p>DFAT notes that disaster response and recovery are Government-led in Vanuatu and support would be based on mutual agreement around GoV needs.</p>	
<p><i>Recommendation 6: DFAT could support GoV to review recovery program procurement, with a view to developing provisions that enable more efficient tender processes.</i></p>	<p>Tendering was a bottleneck in implementation, which suggests the need for additional resources for the Central Tender Board (CTB) and/or provisions that enable more efficient tenders during recovery operations.</p>	<p><b>Partially Agree:</b> The GoV has established an emergency procurement rule for times of humanitarian crisis but this has not been consistently applied in time of disasters. The initial focus needs to be on improving the efficiency of the CTB under normal operating conditions, as recommended by the 2018 Assessment of National Systems. Following this, a more informed view of recovery specific needs can be formed, balancing the need for value-for-money and probity that the CTB is designed to underpin. DFAT, through the GfG, has planned support to the CTB, which includes a review of the procurement documentation for further streamlining, as well as updating the database for all tenders.</p>	
<p><i>Recommendation 7: AHC-GoV should consider augmenting CTB capacity during future recovery programs involving significant procurement through GoV systems.</i></p>	<p>Tendering was a bottleneck in implementation, which suggests the need for additional resources for the Central Tender Board (CTB) and/or provisions that enable more efficient tenders during recovery operations.</p>	<p><b>Partially Agree:</b> To be done on a case-by-case only basis depending on the nature and scale of the recovery; noting that in normal times the CTB is under-resourced. Support will need to complement ongoing assistance already provided under recommendation 6 above.</p>	