



Australian Government

Department of Foreign Affairs and Trade



Aid Program Performance Report 2013-14

Tuvalu

September 2014

Key Messages

- › Overall, Australia's aid program to Tuvalu made good progress towards achieving its objectives in 2013-14, as set out in the Australia-Tuvalu Partnership for Development. The most successful components of Australia's aid program to Tuvalu have been in governance and economic reform, basic education and training through scholarships. The environment and climate change adaptation program, implemented by the United Nations Development Programme, has made the slowest progress. Australia's support for this program will end in August 2014.
- › With Australia's assistance, the Government of Tuvalu has undertaken a number of important reforms that will strengthen governance, accountability and financial management. These include improvements in budget planning, auditing, tax collection and procurement systems.
- › Australia continued to contribute financially and technically to the Tuvalu Trust Fund, which made a distribution of \$6.9 million to the Government of Tuvalu in early 2014.
- › Australia provided 24 university scholarships to Tuvaluans in 2013 and saw 16 graduates from a range of disciplines. Australia also supported 88 Tuvaluans to enrol at the Australia Pacific Technical College (APTC) to receive vocational training and 70 Tuvaluans graduated from the APTC in 2013.
- › The gender impacts of the program are patchy. Some programs have sex disaggregated data showing improved outcomes for girls and women. However, other programs in Tuvalu have limited information on impacts on women and men, girls and boys. DFAT is developing a gender country plan for Tuvalu under the broader DFAT Gender Initiative, Pacific Women Shaping Pacific Development, to articulate gender equality targets for the aid program.

Context

In August 2013, after a period of political instability, a new Government of Tuvalu was sworn in. This new Government, led by Prime Minister Enele Sopoaga, has developed and pursued a relatively ambitious roadmap of reforms. The next Tuvalu election is expected in early 2015.

Tuvalu has limited economic development opportunities and is highly dependent on development assistance. Its population of approximately 11,000 people is spread across nine islands. Tuvalu's prospects for economic growth are limited by its remoteness, small and dispersed population and lack of natural resources. The country is particularly vulnerable to the impacts of shocks, whether economic or environmental. Tuvalu is expected to suffer from the impacts of climate change more than most other countries.¹

Tuvalu has limited options to generate revenue, with fishing licenses, aid and the leasing of Tuvalu's 'dot TV' internet domain name its main sources of income.² The country's isolation and small population means it cannot take advantage of economies of scale. This makes the cost of doing business high. Tuvaluans rely on the public sector as their principal source of employment. The private sector is small and offers limited employment opportunities. As domestic employment opportunities are limited³, it is important that Tuvalu exploits all avenues

¹ Bureau of Meteorology and Commonwealth Scientific and Industrial Research Organisation 2011, 'Climate Change in the Pacific Scientific Assessment and New Research Volume 2: Country Reports', Canberra.

² Tuvalu Government 2013, 'National Budget 2013'; Pacific Islands Forum Secretariat (PIFS) 2012, 'Pacific Regional MDG Tracking Report'.

³ PIFS 2014, 'Pacific Regional MDG Tracking Report'.

to access the international labour market. Since the Seasonal Worker Program was expanded to include Tuvalu in mid-2012, 20 Tuvaluan workers have begun work in the Australian horticulture industry, including 10 women and 10 men.

Aid is equivalent in size to 50 per cent of Tuvalu's GDP⁴. Australian aid to Tuvalu was \$13 million in 2012–13 and \$10.1m in 2013–14, making Australia Tuvalu's largest donor, followed by New Zealand, Taiwan, Japan and the EU⁵.

Tuvalu is largely on track to achieving the Millennium Development Goals (MDGs). The *2014 Pacific Regional MDG Tracking Report*⁶ indicates that Tuvalu is only off-track on MDG 1 (poverty and hunger). The country is on track to achieve MDG 4 (reducing child mortality) and MDG 5 (improving maternal health).⁷ Tuvalu is also on track to meet MDG 2 (universal primary education), although the quality of education remains a major challenge. Tuvalu has recorded mixed progress on three other MDGs: gender equality and empowering women; combating disease; and environmental sustainability.

Australia's aid program to Tuvalu is managed from the Australian High Commission in Suva as Australia does not have a diplomatic presence in Tuvalu. This presents particular challenges to ensure that programs are managed efficiently, the portfolio is as consolidated as possible and the program is monitored in a strategic and targeted way.

Expenditure

In 2013–14, Australia's bilateral program totalled \$6.14 million. In the same year, Australia contributed an additional \$4 million of official development assistance to Tuvalu through regional and global programs. Australian-funded programs are implemented by regional organisations and UN agencies, such as the Asian Development Bank on public procurement, the United Nations Development Programme (UNDP) on environment and climate change, and UNICEF on education. Tuvalu also benefits from Australia's support to regional and multilateral organisations such as the Secretariat of the Pacific Community, the United Nations Population Fund, the Pacific Island Forum Secretariat, the IMF through the Pacific Financial Technical Centre and the World Health Organization.

Table 1 Expenditure in FY 2013-14

Objective	A\$ million	% of bilateral program
1: Good governance, economic growth and stability	\$3.8	62%
2: Education and human resources-	\$2.2	36%
3: Environment and climate change-	\$0.114	2%

Source: Aidworks

Progress towards objectives (including mutual obligations)

⁴ PIFS, 30 November 2011, 'Tuvalu calls for harmonisation of development cooperation', www.forumsec.org/pages.cfm/newsroom/press-statements/2011/tuvalu-calls-for-harmonisation-of-development-cooperation.html

⁵ OECD Development Assistance Committee 2014.

⁶ PIFS 2014, 'Pacific Regional MDG Tracking Report'.


⁷ PIFS 2014, 'Pacific Regional MDG Tracking Report'; 'Tuvalu MDGs Progress Report 2011–12'.


Overall progress against the objectives has generally improved since last year. Table 2 summarises progress against Australia's three objectives in Tuvalu, as articulated in the Partnership for Development.


Table 2 Rating of the program's progress towards Australia's aid objectives

Objective	Previous Rating	Current Rating
1 Good governance, economic growth and stability- boost long-term economic prospects by supporting the Tuvalu Trust Fund and Tuvalu's economic reform program to improve financial management and planning to achieve public policy priorities	Green	Green
2 Education and human resources- develop a skilled and educated Tuvalu workforce by improving the quality of basic education and supporting opportunities for further skills development through scholarships.	Amber	Green
3 Environment and climate change- minimise climate change impacts and strengthen adaptation to the effects of climate change	Red	Amber

Note:

 Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

 Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

 Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Reporting period: 2013-14

Objective 1: Good governance, economic growth and stability

This objective was rated green because progress is as expected at this point in time. Australia's support is based on mutual obligations and significant progress has been made on each of the three components of this objective.

The three components of Objective one are:

- › Contributing to the Tuvalu Trust Fund (TTF): to enable Tuvalu to achieve greater financial autonomy in managing its budget and build a long-term revenue source
- › Creating incentives for economic reform: to provide performance-linked financial contributions to the Consolidated Investment Fund (through a Policy Reform Matrix, PRM) as an incentive to improve financial and economic management in Tuvalu, enabling the government to improve basic social services
- › Strengthening Tuvalu's capacity for economic and social reform: assist the Government of Tuvalu to develop the country's economy and undertake essential functions of government by providing technical assistance in areas essential for government.

Australia's contribution complements Tuvalu's own efforts to boost Tuvalu's long-term economic prospects. The TTF returns and incentive funding from the PRM is deposited to Tuvalu's buffer account commonly known as the Consolidated Investment Fund (CIF) to finance budget priorities and build a long-term source of revenue. Australia's support through the TTF and the PRM provides DFAT the opportunity for policy dialogue with the Government of Tuvalu on its fiscal management and budget priorities. This support is an important leverage mechanism to encourage Government of Tuvalu to meet our joint commitments under the Australia-Tuvalu Partnership for Development to improve the management of government expenditure and allowing the Government of Tuvalu to reallocate funding to improve basic health and education services.

Overall, as a result of DFAT's policy dialogue and financial and technical support for this objective, Tuvalu is on the path to being better able to manage its resources and weather

external shocks. Going forward, Australia will work with Tuvalu to develop an Aid Investment Plan outlining joint priorities for development cooperation. It will be critical, as part of this process, to conduct an Assessment of National Systems (ANS). This assessment looks at fiduciary risks associated with investing funds through partner government systems.

Tuvalu Trust Fund (TTF)

DFAT's contribution to the Tuvalu Trust Fund reflects Australia's commitment to building a financial asset for Tuvalu and providing its government with a revenue stream to fund essential expenditure for the future. As a member of the Trust Fund board, Australia shares oversight of the fund along with representatives of the governments of New Zealand and Tuvalu.⁸ The ADB, European Union, World Bank and Japan are regular observers at board meetings.

In 2013–14, Australia contributed \$0.878 million to the fund. The fund performed very well and made its first multi-million dollar disbursement to the CIF since the global financial crisis reduced the fund's market value in 2008. This year's strong performance demonstrated that the fund's new flexible, objective-based investment approach is working. DFAT is currently working with the Government of Tuvalu and other donors to promote the use of the CIF as a longer-term buffer account where windfall revenue is saved to help the country respond to future fiscal shocks.

Policy Reform Matrix (PRM)

The Policy Reform Matrix (PRM) —a multi-donor incentive-based reform program— comprises three phases of policy reform actions that, once complete, will enable the release of budget support by donors (Australia, New Zealand, World Bank and Asian Development Bank). Tuvalu has demonstrated good leadership in establishing this program with donors and has taken a lead role in identifying reforms in consultation with development partners.

Tuvalu made significant progress in economic and public financial management reform in 2013–14, particularly in public enterprise reform, budget planning, procurement and tax compliance. As a result, Australia dispersed \$2 million in performance linked aid to the Government of Tuvalu as the agreed actions under Phase 2 of the PRM were met.

Examples of reform progress included:

- Introducing a new public procurement system, managed by a newly established procurement unit, which will ensure that major public procurements are managed in accordance with sound rules and achieve value for money.
- Audits of accounts and better management and collection of tax revenues has helped improve government transparency and increase government revenue by almost \$1 million in 2013-14.

While the government implemented these politically sensitive and challenging reforms, there were delays from the originally agreed timeframe. Delays were due to a range of factors, including: political changes, over-ambitious timeframes, delays in acquiring technical assistance and the difficult political economy of sensitive reform. Despite the delays, the flexibility in this approach has enabled government and relevant partners to work through and achieve the reforms. The key lesson is striking an appropriate balance in the ambition of the reform agenda

⁸ In addition, the Tuvalu Trust Fund Advisory Committee provides independent economic and financial advice to the board and government with members appointed by countries represented on the board. Australia also funds an adviser for the Australian Director to the Tuvalu Trust Fund board and another to the Tuvalu Trust Fund Advisory Committee.

and the political will and technical feasibility to implement reforms. These lessons are being employed in the design of the next phase of reforms.

While the policy reform matrix is supported by high levels of donor coordination and harmonisation, it is resource intensive for DFAT to manage, particularly given the lack of a permanent presence in Tuvalu and the department's significant role in coordinating donor input. DFAT will need to explore ways this coordination role can be shared amongst the key donors supporting reforms in Tuvalu.

Pacific Technical Assistance Mechanism (PACTAM)

The Government of Tuvalu continues to face severe capacity constraints, particularly high staff turnover in Tuvalu's civil service, as a result of both movement out (migration, scholarships) and movement within (promotion, transfers). DFAT-supported PACTAM advisers help to build the capacity of Government of Tuvalu staff by training and developing skills in priority economic and oversight institutions and providing on-the-job guidance and mentoring.

In 2013-14, PACTAM advisers have helped improve local capacity and improve government operations in many ways, including, for example:

- › drafting a public procurement bill and regulations that were approved by Parliament
- › provision of advice on legal issues concerning the Convention on the Elimination of Discrimination Against Women
- › completion of several performance audits and development of an audit website to boost government transparency
- › restructuring of the Treasury department with defined roles and streamlined processes
- › preparation and publication of monthly financial reports
- › conducting audits of nine public enterprises and facilitating the reconciliation of public enterprise tax arrears
- › training staff in public speaking, leadership, professional development and computer skills.

The three components under Objective One of the Partnership were not designed with a specific objective of improving **gender equality**. DFAT's monitoring information systems do not collect data on the impact on women and men, so their impact is not well understood. PACTAM advisers work to encourage female staff to take on leadership roles, and in future, they will be undertaking gender training ahead of their placements so they can learn how to mainstream gender equality in their work. DFAT's gender country plan for Tuvalu will consider how the objective resulted in better social services for women, social impact of tax reforms, how procurement benefits women in business and how the Gender Affairs department is consulted on budget planning and its impact on men and women.

Objective 2: Education and human resources

Australia's commitments under this objective are to:

- › increase the quality of early childhood and primary education for all children, especially those living in difficult circumstances and those with special needs;
- › provide long-term scholarships in joint priority areas for Tuvaluan, creating opportunities to access quality education, gain good qualifications and access employment opportunities.

Overall, this objective was rated green because progress is on track. Progress on implementation has improved since last year when this objective was rated 'amber'. A number of improvements have been made that have led to better results this year.

Primary education

In spite of near-universal primary education, the quality of education in Tuvalu remains a challenge. Tuvalu's Ministry of Education data indicates that over the past three years, only 50 per cent of Year 8 students have passed their exams and few continue beyond Year 8 to secondary school.⁹ In response to these challenges, in March 2012, Australia began a four-year program with UNICEF and Tuvalu's Ministry of Education to improve education outcomes in Tuvalu's 18 early childhood education centres and 10 primary schools. Australia's funding is provided to UNICEF, which implements the program in partnership with the Government of Tuvalu.

The current phase of the program, which began in March 2013, focuses on improving school-based management, early grade literacy, teacher training, and further development of the education information system. Key achievements over 2013-14 include¹⁰:

- all primary schools, including the school for children with disabilities, have developed strategic plans and costed school improvement plans. Parents, teachers and local communities are taking responsibility for student learning outcomes, for example, one school community fundraised to purchase a photocopier for their school
- Tuvalu's Education Management Information System is now established and records and reports on school enrolments and exam results. This data helps the Ministry of Education to target interventions.
- Primary school teachers have received training on core competencies and skills in Science to support student learning.
- Ministry of Education curricula is being updated in english and science, and will shortly be updated in maths
- UNICEF's program reporting has improved since 2012, with information provided to DFAT on progress, implementation challenges, and budget updates and planning

Some of the previous challenges faced by the program included a lack of clarity on end of program outcomes, unclear roles and responsibilities of UNICEF, DFAT and the Ministry of Education and delays in UNICEF recruitment. In response to these challenges, Partners developed an operational framework outlining the delineation of roles. Regular communication between UNICEF and DFAT has improved since 2012-13, with six-monthly oversight committee meetings and regular informal discussions held. A monitoring and evaluation framework and risk management plan was approved in mid-2014. The three partners plan to better articulate the end of program outcomes and further strengthen the program's monitoring and evaluation framework in 2014-15.

DFAT will continue to monitor Government of Tuvalu's non salary expenditure commitment to primary education, following concerns of recent decreases. Monitoring data suggests that girls outperform boys on all school exam results in primary and secondary school. More Tuvaluan girls are attending secondary school than boys with more females accessing tertiary education than males¹¹.

⁹ UNICEF 2011, 'Achieving Education for All in Tuvalu'.

¹⁰ DFAT Quality at Implementation Reports; UNICEF data and DFAT/UNICEF/Ministry of Education monitoring missions

¹¹ Tuvalu Education Information Management System Statistical digest, 2013

Tertiary education

Australia provides support for Tuvaluan students to undertake technical and vocational training and scholarships in Australia and the region, with the aim of contributing to Tuvalu's long-term development needs. This is supported through Australia Award Scholarships and the Australian Pacific Technical College initiative.

In 2013, Australia provided 24 new Australia Awards to Tuvaluans to study in Australia and the region. In 2013, 16 awardees completed their undergraduate and postgraduate courses in health, engineering, education, law, criminology, commerce, construction management and science¹². Over the past six years, 50 per cent of awards went to women and 50 per cent to men. In 2013-14, DFAT strengthened the merit-based selection process for Australia Awards, by interviewing applicants on a joint panel comprising officials from Tuvalu, New Zealand and Australia.

A 2013 tracer study of Australia Awards alumni for cohort 2008-2012 found that 64 Tuvaluan awardees returned to Tuvalu after completing their studies; 80 per cent are in full time employment, nine per cent are seeking employment, and the remaining alumni have migrated¹³. Of the respondents, 83 per cent considered their current position was more senior than before their award, 73 per cent were supervising more staff, had greater technical responsibility, and a greater role in policy development. The tracer study noted that alumni who had migrated are likely still contributing to Tuvalu's development through work in regional organisations and the provision of remittances.

A key concern raised by the tracer study was the low completion rate of female Australia Awardees studying in regional universities (70 per cent) excluding Australia compared with their male peers (92 per cent). Post is analysing the reasons for this poor outcome for female students. However, the study did find that a higher proportion of female alumni worked in higher level positions than before their award and they were more satisfied with their salary.

The Tracer study made a number of recommendations that are being implemented by DFAT, including the targeting of study areas and levels that are most relevant to Tuvalu's human resource needs, and working with Government of Tuvalu on a more transparent, merit-based selection process. As resources permit, DFAT will reconsider improvements to Australia Awards alumni reintegration and establishing an alumni association.

Over the life of Australia's support to the Australia – Pacific Technical College, 115 Tuvaluan women and 98 Tuvaluan men have graduated from hospitality and community services, and trades and technology.¹⁴

Objective 3: Environment and climate change

Australia's commitments to Tuvalu on environment and climate change are to:

- › enhance capacity of public administration, island governments, local communities and non-government organisations to plan for and respond to the adverse effects of climate change
- › implement priority adaptation measures including:
 - » water security: an additional 400m³ of fresh water supply and water storage capacity to support agriculture in at least four islands

¹² DFAT scholarships database.

¹³ DFAT Australia Awards Alumni Tracer study for the microstates, 2013.

¹⁴ Australia – Pacific Technical College Country Update, 2013.

- » coastal protection: an expanded area of demonstration projects of planting mangroves on at least five atolls
- » food security: an additional 12 plantations of local fruit and vegetables protected from saline groundwater on at least three atolls.

This objective was rated amber, an improvement on last year's red rating. Due to earlier slow implementation, in 2013-14 the objectives were recast to make them more realistic for the final year of the program, and good progress was made. DFAT's implementing partner, UNDP, and the Government of Tuvalu worked effectively to achieve the water security component of the program on time, but the other two adaptation components have faced severe delays due to inadequate resourcing, transportation delays and other reasons.

Tuvalu is vulnerable to the effects of climate change. Tuvalu is experiencing increasing temperatures and ocean acidification, and sea level rise slightly above global average rise. Satellite data indicate that the sea level has risen near Tuvalu by about five millimetres a year since 1993—a total of nine centimetres.¹⁵

In 2011, Australia provided \$1 million to the UNDP to help Tuvalu implement climate change priorities under the Tuvalu National Adaptation Programme of Action (NAPA). DFAT's support for NAPA ended in August 2014. The mid-term review of the NAPA (in early 2013) found slow progress and mixed results, with most progress on the water security component and the longest delays in food security. Accordingly, DFAT recast its objectives for support to this program, prioritising the implementation of the food security component in the final stage.

A recent internal review of the food security component found that the key challenges are: saltwater intrusion, water inundation, and drought. The review found that progress has been very slow. On two of three islands, the island-specific activities had not yet commenced, and the third was just beginning. More success was reported on the home gardening initiatives, with successful home gardens running on several islands. However, progress is significantly less than what would be expected at this point in time. Progress was hindered by several factors: shortages and delays in the supply of seeds, shortages in the number of tools provided, inadequate fencing provided, ongoing water shortages, pest damage, lack of information provided to communities on the project, some NAPA island representatives were rarely on Island, and a focus on short-term rather than long-term crops.

DFAT has also funded the Secretariat of the Pacific Community to undertake a stocktake of the conditions of Tuvalu's water tanks on Funafuti, the capital of Tuvalu where two-thirds of the population reside. This will inform planning on the need for more water tanks, maintenance and future water security interventions. DFAT is working with the Government of Tuvalu to ensure future Australian support for climate change adaptation and environmental risk reduction does not face the same delays and difficulties experienced in the UNDP program. This is likely to involve capacity supplementation so that Tuvalu is adequately resourced to manage the multitude of climate change activities and donors active in this space.

Australia is managing and supports regional programs working directly with Tuvalu government agencies on weather and climate forecasting to inform decision making in disaster preparedness, agriculture, fishing, and in the tourism industry. Through its Pacific regional climate change program, Australia supported research on major climate drivers in the Pacific and improved climate projections are informing risk assessments and adaptation planning. This work also included a Tuvalu-specific set of current and future climate projections.

¹⁵ Bureau of Meteorology and CSIRO 2011, 'Climate Change in the Pacific Scientific Assessment and New Research Volume 1, Regional Overview Volume 2: Country Reports', Canberra.

The Climate and Oceans Support Program (COSPPAC) (approx. \$0.7m in 2013/14) works with the Tuvalu Meteorological Service (TMS) to extend its capacity in essential meteorological and climate services. The program supports a dedicated climate officer for the Tuvalu Meteorological Service for 2 years. This will improve TMS's capacity to provide seasonal forecasts for climate-sensitive sectors such as agriculture, fisheries, tourism and public health, enabling them to prepare for droughts and extreme events. COSPPac also maintains technical equipment in Tuvalu that provides high-quality data on sea level changes and other climate information as well as data on geodetic movements of the earth's crust. The data has many applications, including for port management.

In terms of gender, the NAPA Mid Term Review will inform strategies to be tailored to the different ways that men and women use water and contribute to household food security.

Gender equality

Australia is developing a country plan (through the Pacific Women Shaping Pacific Development initiative) to improve gender equality and women's empowerment in the Tuvalu program. Gender equality has been a crosscutting objective, embedded in other programs and supported by regional gender equality initiatives. The Quality at Implementation (QAI) assessments found gender equality to be a weakness across the objectives, with limited sex-disaggregated data available. Therefore, a priority of the Tuvalu program in the first half of the 2014–15 is finalising DFAT's country plan for Tuvalu to ensure DFAT's programs improve gender equality and women's empowerment. Australia will also assist Tuvalu's Gender Affairs Department to finalise its national gender workplan and to progress activities identified in the Tuvalu Gender Stocktake and the Tuvalu Gender and Development Policy 2013. Any future activities will be supported under Australia's Pacific Women Shaping Pacific Development initiative.

Program Quality and Management

DFAT's aid program to Tuvalu does not have an overarching Performance Assessment Framework, but each program is assessed against objectives set out during design. Progress against each objective is assessed and discussed during annual partnership meetings with Government of Tuvalu officials. Monitoring and evaluation was assessed as one of the weaker elements of DFAT's support to scholarships and basic education in Tuvalu. The Tuvalu program has consolidated a number of small value initiatives to streamline program management and provide greater strategic oversight through the Partnership for Development.

Recent and planned evaluations are listed in Annex C.

Analysis of Quality at Implementation (QAI) Reports

Given the relatively small size of the Tuvalu bilateral aid program, several initiatives, including environment and climate change, do not require QAI reports.¹⁶ Four QAI reports were completed in 2014.¹⁷ These are included in the table in Annex B. Overall, initiatives were rated highly on relevance, effectiveness, efficiency and sustainability. Key areas for improvement are in:

- › gender equality, which was rated 'less than adequate' in the initiatives for education, PACTAM and good governance and economic growth (the same ratings as last year)
- › monitoring and evaluation of the education program, which rated 'less than adequate'.

¹⁶ DFAT policy requires all initiatives with a value of \$3 million or over to undertake annual QAI reviews. DFAT's climate change support in Tuvalu is under this value.

¹⁷ See QAI ratings table, Annex B.

These ratings reflect the program management issues discussed in the education section, and the absence of a gender country plan for the Tuvalu program (this is now in the early stages of development). The ratings also reflect that sex-disaggregated data and other specific gender reporting are not included in all initiatives.

Risks

Table 3 Management of key risks to achieving objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?
1. Gender equality and women's empowerment is not adequately integrated across the program.	Based on a gender stocktake undertaken by the Secretariat of the Pacific Community, DFAT is developing a gender plan for the aid program. DFAT has asked for sex-disaggregated data from implementing partners to better assess the impact on women.	DFAT will finalise its Tuvalu program gender plan and integrate recommendations into each program objective.
2. Australia's investments and program implementation maybe delayed or stagnant if there is political instability following the upcoming elections	DFAT has been monitoring Government's commitment to implementing reforms under its Roadmap - it is progressing well.	DFAT to continue monitor the political environment for emerging risks.
3. The sustainability of Tuvalu's economic reform program and implications on Government's resilience to external shocks if TTF does not perform well enough and Tuvalu enters another fiscal crisis. Related to this risk, fiduciary risks will need to be taken into account given budget support channelled through partner government system.	DFAT has been working closely with the Government of Tuvalu, ADB, New Zealand and World Bank to support Tuvalu's economic reform program DFAT is also supporting TTF to build the capital of the Fund as a financial asset for Tuvalu and also the implementation of the new investment strategy/ approach for the Fund that resulted in a multi-million return from the Fund to support Tuvalu's budget priorities.	DFAT continue to engage with other development partners to support Tuvalu institutionalise the reforms on public financial management and social service delivery. DFAT continue to provide technical assistance and participate in TTF Board to ensure that TTF investments and returns are managed to meet Fund objectives. DFAT to undertake a review and update of the Assessment of National Systems towards end of 2014
4. Breadth and complexity of work with limited human resources at Post.	Key initiatives are monitored closely, from Suva, with strategic oversight of other initiatives through engagement with Government of Tuvalu and implementing partners and donors.	Consider further consolidation of the program through the new Aid Investment Plan developed for Tuvalu in 2015.

Management Responses

- › The Tuvalu program in Suva Post to improve monitoring and evaluation of Australia's investment through joint monitoring visits with implementing partners and addressing issues as they emerge to improve program performance.
- › The Tuvalu program (Desk and Suva Post) will work with the Government of Tuvalu and other development partners to prepare an Aid Investment Plan (AIP). This plan will set out the context, objectives, issues and performance benchmarks for Australia's aid program in Tuvalu for the next several years. The update of the Assessment of National Systems (ANS) and review of programs such as the PRM and education initiatives will inform the AIP.
- › The Tuvalu program in Suva Post will finalise the gender country plan for Tuvalu and integrate recommendations into each aspect of the Tuvalu aid program.
- › Suva Post to pursue an outsourcing arrangement for the administration of the scholarships program.
- › Suva Post to work with UNICEF and Tuvalu's Ministry of Education to clarify and agree on end-of-program outcomes with a clear monitoring and evaluation approach for the Achieving Education for All in Tuvalu Program.
- › Suva Post and Canberra to work with development partners supporting the Policy Reform Matrix, to encourage greater harmonisation that will reduce transactional burdens on the Government of Tuvalu.

Annex A

Progress in addressing 2012-13 management responses

Management consequences identified in 2012-13 APPR	Rating	Progress made in 2013-14
Objective 1		
The Tuvalu Program will:		
<ul style="list-style-type: none"> contribute to the Pacific Division review of incentive-based budget support programs; continue regular discussion with the Government of Tuvalu and other donors; and closely monitor progress under the policy reform matrix, particularly in light of current political uncertainty 	Achieved	The Tuvalu program contributed to the Pacific Division review of incentive-based budget support programs and continues to participate in follow-up discussions with other donors on progressing the recommendations. The Tuvalu program plays a leading role in discussions with the Government of Tuvalu and other donors in monitoring and planning the policy reform matrix. The political uncertainty of 2013 did not lead to any slowdown in progressing Tuvalu's reform agenda.
<ul style="list-style-type: none"> in designing the next phase of support for the policy reform matrix, discuss with other donors the need to: reduce the burden on the Government of Tuvalu (limiting planning and monitoring missions); ensure reforms are government-initiated, realistic and contribute to reducing the fiscal deficit; and improve alignment of budget expenditure with development priorities 	Partly achieved	The Tuvalu program has highlighted the need for a harmonised approach by donors to reduce the burden on the low-capacity Government of Tuvalu. However, the organisational requirements of the multilateral development banks limits the flexibility of these programs and imposes additional monitoring, timing and designing restrictions on the PRM. These issues have been discussed at the multi-donor discussions on Pacific island incentive-based budget support programs, and DFAT will continue to advocate for donor coordination and harmonisation or reforms.
<ul style="list-style-type: none"> in Canberra, with Post's support, undertake a budget analysis of Tuvalu's National Budget to inform discussion on the policy reform matrix and future budget support, and supplement the information provided in Tuvalu Trust Fund Advisory Committee reports 	Achieved	DFAT Desk has undertaken a budget analysis on the 2013 and 2014 national budgets. These analyses have informed high level discussions and the selection and prioritisation of the reforms to be included in the PRM.
<ul style="list-style-type: none"> in Canberra, with Post's support, undertake a brief stocktake of progress in implementing the recommendations of the 2012 Tuvalu Assessment of National Systems¹⁸, noting the progress of the economic reform program at reducing fiduciary risk. 	Partly achieved	This review and update of DFAT's Assessment of National Systems will be undertaken in accordance with DFAT policy, two years after the first policy was endorsed. In October 2014, the Pacific Division's Public Financial Management Specialist is expected to undertake the ANS update.

¹⁸ In 2011, Australia undertook an assessment of national systems to determine the level of risk associated with using Tuvalu's government systems to deliver Australian aid and identify opportunities to strengthen those systems and manage risks. See the 2011 Tuvalu APPR for more information.

<p>Objective 2</p> <p>The Tuvalu Program will:</p> <ul style="list-style-type: none"> subject to the outsourcing of scholarships administration, develop and implement an Australia Awards alumni association to strengthen ties between Australia and Tuvalu, support networks of alumni and foster a new generation of leaders working in Tuvalu's public and private sectors in Canberra and at Post, work with DFAT's Pacific regional branch to ensure that the next phase of Australia's Seasonal Worker Program capacity building activities consider the specific needs of the Tuvalu program, to increase the number of Tuvaluans taking up opportunities under the Program. 	Not achieved	Due to resourcing constraints and the heavy administrative burden of scholarships management, this has not been achieved. It is unlikely that current resources will increase, thus making progress on this objective slow. The focus for the scholarships program is implementing the enhanced transparent, merit-based selection process in 2014. As the scholarships timeframe allows, staff will reconsider their ability to improve Australia Awards alumni reintegration and establish an alumni association.
<p>Objectives 2 and 3</p> <p>The Tuvalu Program will:</p> <ul style="list-style-type: none"> hold regular, high-level discussions with UNICEF and UNDP on program performance and impress the importance of the timely recruitment of skilled staff to the Pacific. 	Achieved	The draft design of the next phase of development-focused support for the Seasonal Worker Program is likely to allow Tuvalu first access to more opportunities to work under the program, increasing Tuvaluans participation by more than 10 Tuvaluans per annual intake
<p>Objective 3</p> <p>The Tuvalu Program will:</p> <ul style="list-style-type: none"> implement appropriate measures recommended in the NAPA mid-term review, and design the next stage of support on climate change and disaster risk reduction/preparedness to reduce the risk of future delays. 	Achieved	Regular meetings are now held between DFAT and UNICEF and UNDP to assess progress in implementing the basic education and climate change programs. This has improved communication, monitoring and planning for these two programs.
<p>Crosscutting</p> <p>The Tuvalu Program will:</p> <ul style="list-style-type: none"> bid for one extra full-time resource, to be based in Funafuti or Suva, to help deal with the resource-intensity, risk and technical complexity of the sectors and methods of working in the Tuvalu aid program 	Achieved	The program objectives under DFAT's support for the NAPA were recast to focus on water and food security. This has ensured an appropriate focus on these components by UNDP, and helped improve the rate of progress under this initiative
<ul style="list-style-type: none"> develop and implement a gender strategy for the Tuvalu program, which could be jointly undertaken with a country poverty analysis and strategy. 	Partly achieved	Due to budget constraints, an additional staff member for Tuvalu was not realised. Focus will be on identifying efficiencies and ways to consolidate the program to streamline administration.
	Partly achieved	DFAT is developing a gender strategy which will be finalised in 2014. This strategy will recommend ways DFAT can integrate gender objectives into its existing and any future programs, and will advise on how DFAT can monitor and assess the impact of its programs on women and men.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

Annex B

Quality at Implementation ratings

Investment name	Approved budget and duration	Qal year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Objective 1: Good governance and economic growth		2013	6	5	5	5	5	3
		2012	6	4	5	6	5	3
Objective 1: PACTAM		2013	5	5	5	5	5	3
		2012	5	4	5	4	4	3
Objective 2: Basic education		2013	5	4	4	3	4	3
		2012	5	4	3	3	4	3
Objective 2: Scholarships		2013	6	4	4	4	4	5
		2012	5	5	5	5	4	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

Annex C

Evaluation and Review Pipeline Planning

List of evaluations completed in the reporting period

Name of Investment	Aldworks number	Name of evaluation	Date finalised	Date Evaluation report Uploaded into Aldworks	Date Management response uploaded Into Aldworks	Published on website
Tuvalu Australia Awards initiatives	Several initiatives in the Tuvalu program	Tuvalu scholarships alumni tracer study				N/A

List of evaluations planned in the next 12 months

Name of Investment	Aldworks number	Type of evaluation	Purpose of evaluation	Expected completion date
Good governance and economic stability: Policy Reform Matrix – Incentive Budget Support Program	INJ899	Mid-term review	To inform a future phase of the program	April 2015 (tbc)
Assessment of National Systems (ANS)		Review and update of ANS	To inform and update mitigation strategies on fiduciary risks working through partner government systems	October 2014 (tbc)
Achieving education for all in Tuvalu	INJ878	Mid-term review	To inform future programming	October 2014

Annex D

Tuvalu - Performance Benchmarks 2014 -15

Aid objective	2014-15 benchmark	Rationale for selecting this performance benchmark
Good governance, economic growth and stability	Australia's technical assistance achieves measurable improvements in key performance outcomes of the Government of Tuvalu on budget, Treasury, procurement, audits and reporting.	Australia is providing five technical advisers to Tuvalu to support a range of areas that are important for good governance and economic growth. The performance of the advisers as well as the actions of the Government of Tuvalu are key to maximising this investment and ensuring that technical assistance translates into better performance in budgeting, auditing, tax collection, financial management and public sector performance.
	A set of targets are agreed for Policy Reform Matrix phase 3 and expected progress is made against these by June 2015.	Through the Policy Reform Matrix program, donors incentive reforms that are led and implemented by the Government of Tuvalu. Agreeing on the next key set of reforms to be achieved by the end of 2015 is the next step in this critical program.
Improved education outcomes at early learning and primary school levels	All primary schools and early learning centres in Tuvalu have progressed implementation of their school improvement plans.	Australia is providing funds to early learning centres and primary schools in Tuvalu, which are designed to help schools identify what improvements need to be made to these schools and centres and use the funds to implement activities that will achieve some of these improvements.
Increased technical skills in key areas required to support national development and public sector performance	At least 16 scholarships provided through the Australia Awards	Australia will continue to support skills development in Tuvalu in both public and private sectors through the scholarships program. With no tertiary institution of its own, Tuvalu relies on sending its scholars overseas and Australia is the largest provider of scholarships.