

Chapter 19

Pacific Partnerships for Development

19.1 One of the characteristics of Australia's ODA to the region is the high level of bilateral aid which accounts for almost 80 per cent of that total. On 6 March 2008, the Government of Australia announced the beginning of a new era of cooperation with the island nations of the Pacific. It proposed 'to pursue Pacific Partnerships for Development (PPDs) with its island neighbours'. The partnerships were to provide a new framework for Australia and the Pacific island countries to commit jointly to achieving shared goals.¹ The Prime Minister of Australia, Mr Rudd, described the partnerships as 'the centre piece of Australia's new approach to the Pacific region'.² In light of the findings outlined in the previous chapter, the committee considers whether the partnerships form part of a coherent ODA plan for the region. It also seeks to establish the extent to which the PPDs make clear the connections between the objectives of the different aid projects with longer term goals and the interrelatedness of the aid programs under the partnership. It is also interested in the extent to which the partnerships align with development assistance from other donors.

Priorities and commitments

19.2 In April 2009, the Prime Minister registered his dissatisfaction with the framework of ODA relationships. He stated that Australia needs to anchor its development assistance relationships in the Millennium Development Goals. The PPDs clearly state their resolve to move toward achieving these goals.³

19.3 To this stage, eight partnerships have been adopted—with PNG, Solomon Islands, Samoa, Kiribati, Vanuatu, Nauru, Tonga and Tuvalu. The first section of each partnership states the broad objectives and principles underpinning the agreement. They include working together in close cooperation and with a shared vision to achieve improved development outcomes and sustainable improvements in the quality of life. Under each agreement, the relevant partnership countries make commitments consistent with the principles of mutual understanding, mutual respect and mutual responsibility for improved outcomes.

1 Prime Minister of Australia, 'Port Moresby Declaration', Media release, 6 March 2008, http://www.pm.gov.au/media/release/2008/media_release_0118.cfm or <http://www.pm.gov.au/node/5911> (accessed 13 February 2009).

2 Prime Minister of Australia, 'Pacific Partnerships for Development with Solomon Islands and Kiribati', Media release, 27 January 2009, http://www.pm.gov.au/media/release/2009/media_release_0770.cfm (accessed 13 February 2009) or <http://www.pm.gov.au/node/5344>.

3 Prime Minister of Australia, 'Joint Press Conference with the Right Honourable Grand Chief Sir Michael Somare, Prime Minister of Papua New Guinea, Parliament House', 28 April 2009, http://www.pm.gov.au/media/Interview/2009/interview_0936.cfm (accessed 30 April 2009).

19.4 Each partnership also identifies 'priority outcomes'. Again, these are identified as broad headings and, although they have subheadings, provide little indication of the practical actions that are to be taken. For example, partnership priority outcome 1 in the partnership with Vanuatu is 'improved education'. The targets under this heading are, *inter alia*, to increase primary enrolment rate to 100 per cent by 2015, reaching 85 per cent by 2011, and improved literacy and numeracy skills of school age children, tracked through national assessments.

19.5 An implementation schedule is to be incorporated into these partnerships, which will provide more information and offer greater guidance on funding and on projects. When asked why the implementation strategies were not concluded at the same time as the preliminary negotiations, Mr Davis, AusAID, explained:

We thought it was important to get the political level engaged in agreeing around the broad areas of priority and the broad sort of commitments and responsibilities that both sides signed up to initially, and following that, for that to be translated into the much more detailed implementation schedule. We were keen for there to be a political endorsement at an early stage, and certainly our Prime Minister was keen to be engaged at that early stage.⁴

Implementation

19.6 In the previous chapter, the committee clearly identified the need for Australia to have a strategic and coherent policy framework that, by providing a sharp focus, would better integrate the individual efforts of departments and agencies. Apart from broad statements on shared visions, objectives, principles and commitments, the partnerships provide little indication that the PPDs have been shaped by a coherent strategic plan. As noted earlier, the implementation schedules are to contain greater detail but were not developed as part of initial partnerships. At present, only PNG has such a schedule and in the case of Solomon Islands, one implementation strategy was identified at the time of signing by leaders. For the purposes of this report, the committee confines its comments to PNG's schedule.

19.7 Priority outcome 1 is concerned with improving key national roads, airports and ports. It sets out targets, for example, 100 per cent of the 16 NTDP Priority National Roads in 'good' condition by 2015; 22 national airports complying with safety certification standards by 2015; and two major seaports with ship turnaround times reduced to 2 days by 2015. The partnership assumes that these infrastructure developments will lead ultimately to poverty reduction and improvements in health and social indicators.

19.8 Intuitively, this assumption appears correct. Indeed, in general terms, the committee has noted the potential benefits from improved transport routes: farmers are better able to get their produce to market; children have access to schools; and communities to essential services. The partnership does not, apart from this broad

4 *Committee Hansard*, 12 March 2009, p. 30.

assumption, make a concrete link between achieving 16 key national roads in good condition with the MDGs. It does not provide the local context or identify the specific contribution that Australia would make to this infrastructure nor ultimately how the roads would in tangible ways help achieve the MDGs. The missing links between the specific object of having the main roads in good condition and achieving the MDGs means that the route to reaching the MDGs is fuzzy. The lack of specificity also makes evaluating or measuring Australia's contribution difficult. This is discussed later in the chapter.

19.9 The partnership and its accompanying implementation schedule also convey no real sense of the interrelatedness between the different priorities. For example, the connection between efforts to improve transport routes with the objectives of achieving universal basic education, improved health outcomes and an efficient and effective public service are not strong.

19.10 The committee believes that PPDs have the potential to bring a greater coherence to Australia's ODA and to make clear connections between specific projects and the contribution they would make in moving toward the MDGs. They could also be a vehicle to achieve greater integration between individual projects within and across sectors which, in the committee's view, would improve the effectiveness of Australia's bilateral aid program.

Collaboration

19.11 The approach taken in developing the partnership should encourage a much closer alignment of Australia's assistance with the partner's priorities. In each agreement, Australia makes clear commitments to deliver 'jointly-determined programs' and increasingly to align its aid with the relevant country's decision-making, finance and procurement systems. Furthermore, the actual process of developing the partnership has required Australia and partner countries to work through and identify objectives, timeframes, respective responsibilities and funding arrangements. For example, in February, AusAID informed the committee that it was about to commence budget discussions with PNG. Mrs Margaret Callan, AusAID, explained:

We have talked about what the priorities are and we have some information on costings for delivering on those MDG priorities. We are now at the stage where we need to talk about the Papua New Guinea government's capacity to contribute funds to those priorities going forward five years, the Australian government's capacity, and the capacity of other donors to contribute. We need to see whether the resources needed to achieve those goals are actually available or whether we might need to lower the bar a little bit in terms of what we are aiming to do. We are actually at the stage where we are discussing that at the moment.⁵

5 *Committee Hansard*, 12 March 2009, p. 27.

19.12 Mr Tranter stated further:

As part of the joint commitments that underpin the partnerships, we are in the process of making commitments about our financing contributions and engaging with governments about their capacity to meet those joint commitments as well. That is categorised as a key part of our engagement with governments.⁶

19.13 The committee fully supports Australia's stated intention to align its assistance with the objectives and priorities of its partner country. It recognises that the process itself in arriving at an agreement and in future discussions as the agreement is further refined encourages local ownership, and better cooperation and coordination between Australia and its partners. At this very early stage, however, one witness raised concerns about the process so far. Ms Hayward-Jones thought that the PPDs had been developed too quickly. She informed the committee that she had heard comments from officials in the region criticising the process for being 'a bit too quick and they felt that it was pushed on them'. She said that, although they liked the approach and welcomed it, 'they felt that they could have done with a little bit more time to coordinate'. Ms Hayward-Jones concluded:

Because there has been political pressure to do that they have ended up reflecting the current aid policy and the current aid programs rather than being the result of a substantive discussion with the recipient government on what they want to achieve.⁷

19.14 Based on past experience of the difficulties Pacific island countries have in funding their good intentions and the short timeframe in which the PPDs were developed, Ms Hayward-Jones was concerned about the implications should the recipient country not meet its promised undertakings. She said:

While it may promise AusAID it will spend X amount on education in the next five years, its lack of capacity may mean that it cannot spend that money because it cannot get out to the provinces and be on the ground to deliver it. So the intention would certainly be there but the capacity may fail to deliver. My concern with the development partnerships is that, if it is a failure of capacity to deliver, in five years time what does Australia do about the lack of delivery?⁸

19.15 In light of Australia's commitment to increase aid to the region, the Lowy Institute was also concerned about ensuring that Australia's accountability demands placed on Pacific island governments were not onerous. It noted that the imposition of further conditionalities on development assistance in the PPDs needs to be managed sensitively.⁹

6 *Committee Hansard*, 12 March 2009, p. 28.

7 *Committee Hansard*, 24 March 2009, pp. 8–9.

8 *Committee Hansard*, 24 March 2009, p. 10.

9 *Submission 14*, p. 2.

Committee view

19.16 On a number of occasions in this report, the committee has noted the limited capacity of Pacific island countries to negotiate agreements. It has drawn attention to the often stark imbalance in their negotiating positions compared to those of larger and more influential countries. Ms Hayward-Jones's observations provide an early and cautionary note for Australia to take extra care in developing its partnerships to ensure that it does not exert, however unintentionally, undue influence or pressure on its partners.

Coordination with other donors

19.17 In the previous chapter, the committee drew attention to the heavy demands placed on the limited resources of Pacific island countries by having to engage with numerous aid donors. It also noted the importance of coordination between all donors to the region. The OECD peer review argued that Australia would need to take care that the new PPDs were 'clearly defined in the context of collaboration with other donors'.¹⁰

19.18 In its PPD with PNG, Australia undertakes to 'increase the engagement of other development partners through the negotiation of a Memorandum of Understanding to refine the structures and procedures of external support to the education sector.'¹¹ It also states that Australia will 'work with donors to develop more harmonised funding modalities that strengthen the use of the Government of Papua New Guinea's systems whilst targeting UBE [universal basic education].' The committee will have to wait to see the extent to which these, and other, stated intentions about working effectively with other donors succeed.

Committee view

19.19 The committee believes that PPDs could be instrumental in forging much closer cooperation and coordination with other donors to the region. Although it understands that the PPDs are in their formative stage, nonetheless it believes that, apart from stated intentions about negotiating MOUs, etc., they should start to demonstrate a much closer and stronger relationship with related bilateral or regional donors.

Potential

19.20 In the previous chapter, the committee noted the significant risk of achievements obtained from development assistance dissipating as that assistance comes to an end. It argued that this risk and that of creating aid dependency is one that

10 OECD Development Assistance Committee, *2008 Peer Review of Australia*, p. 14.

11 Schedule to the Papua New Guinea—Australia Partnership for Development, Priority Outcome 2 Basic Education, pp. 6 and 7.

policy makers need to address. In this regard, the committee believes that PPDs should reflect the consideration given to these likely problems.

19.21 The committee also highlighted the potential for state, territory and local governments to advance Australia's development assistance to the region. The PPDs appear to provide an ideal opportunity for Australia to incorporate and record the contribution of state, territory and local governments to development assistance to Pacific island countries.

Evaluation

19.22 The partnerships not only provide an action plan for Australia to help Pacific island countries achieve the MDGs, but they are also an important evaluation tool. In April 2009, Prime Minister Rudd stated unequivocally that he was 'into the business of measurement'. He stated:

Measurement can be a very uncomfortable thing for us all over time, but it is the best way to hold us all accountable as to whether the measures that we are embracing have effect. And it is within that framework that we are not just simply renegotiating our development cooperation relationship with PNG, but are doing so progressively across each of the Pacific Island countries.¹²

19.23 Mr Tranter noted that partnerships by their nature, 'are incremental frameworks that are designed to adapt and respond to developments'.¹³ He said that the partnerships will be reviewed on an annual basis, which provides 'an opportunity to reflect new commitments that might respond to emerging policy priorities for Australia and also for the Pacific countries'.¹⁴

19.24 The committee has long been concerned about the ways in which DFAT and AusAID measure the effectiveness of their programs. They were raised in its reports on public diplomacy and peacekeeping. Familiar concerns once again surfaced during this inquiry. The Australia Pacific Islands Business Council saw a need to improve aid program review mechanisms. It was concerned that some reviews seek to 'justify that the resources input has been effective' and that 'some aid program providers have greater attention to maintaining their contract status rather than being rigorous about program quality assessment'.¹⁵

12 Prime Minister of Australia, 'Joint Press Conference with the Right Honourable Grand Chief Sir Michael Somare, Prime Minister of Papua New Guinea, Parliament House', 28 April 2009, http://www.pm.gov.au/media/Interview/2009/interview_0936.cfm (accessed 30 April 2009).

13 *Committee Hansard*, 12 March 2009, p. 26.

14 *Committee Hansard*, 12 March 2009, p. 27.

15 Australia Pacific Islands Business Council, *Submission 60*, attachment 'Comments on the report of the Senate Committee on Foreign Affairs, Defence and Trade', p. 5.

19.25 In its previous reports, the committee noted that agencies were 'stuck at the activity measure' stage and 'struggling with how to determine effectiveness'.¹⁶ The committee stressed the importance of having performance indicators that were credible and useful and more than process orientated. It maintained that they should measure not only technical achievements but seek to ascertain changes in attitudes and behaviour. Thus, the committee argued that performance indicators needed to go beyond identifying key attainments such as the construction of schools or roads, number of teachers or size of classroom. For example, having the 16 priority roads in good condition is a technical achievement, however, the committee would be interested in other measurements—the extent to which they have reduced transport costs, increased local business activity, contributed to school attendance etc, or even inadvertently resulted in negative outcomes such as increased rates of HIV infection due to increased mobility. The Office of Development Effectiveness also used roads to illustrate this point:

...there is far greater interest in whether the intended outcomes occurred; for example, whether improved roads led to higher rural incomes.¹⁷

19.26 A measure used in Priority 2 in the PPD with PNG—'improved performance by students completing grade eight'—is the type of measurement that clearly benchmarks progress toward an identifiable goal. Though how such an achievement could be directly attributable to Australia's contribution would be difficult to make. Again, the Office of Development Effectiveness provided valuable insight. It noted that the advantage of defining objectives at this high level is that they reflect what aid is in the end trying to support and so provide key measures of ultimate success. It stated further:

The disadvantage, however, is that they represent long-term goals that are influenced by many factors other than Australian aid, including domestic policies, the work of other donors, trade, conflict, migration, private finance, and exogenous shocks.¹⁸

19.27 It concluded that while of great interest, national development outcomes are in most cases inappropriate for assessing the effectiveness of Australian aid. It suggested:

...to arrive at a definition of effectiveness that is meaningful to both the wider public and to managers, objectives must address outcomes rather than

16 Senate Standing Committee on Foreign Affairs, Defence and Trade, *Australia's public diplomacy: building our image*, August 2007, p. 179.

17 AusAID Office of Development Effectiveness, *Annual Review of Development Effectiveness 2007*, p. 39.

18 AusAID Office of Development Effectiveness, *Annual Review of Development Effectiveness 2007*, p. 39.

outputs or process, but these outcomes must be at an intermediate level, reflecting more realistically the influence of aid.¹⁹

19.28 Currently, the PPDs are lacking those important middle tiers that would link an Australian project to identifiable and measurable achievements that then ultimately contribute toward the attainment of broader objectives. The Office of Development Effectiveness identified the following principles or guidelines that would help in assessing the effectiveness of Australian aid:

- set consistently realistic objectives addressing intermediate outcomes that Australian aid is expected to influence;
- understand performance at multiple levels, including outputs, objectives and development outcomes (sectoral and national);
- make a greater effort to identify the causal linkages between performance at the different levels;
- increase the consistency of measurement approaches used within sectors across countries supported by the aid program;
- develop improved methods of assessing the performance of the aid program not only in its relatively new areas of focus, such as institutional development and policy reform, but also in its broader engagement with non-aid issues such as trade, migration, technology and research.²⁰

19.29 The committee is of the view that the PPDs do not fully satisfy these principles and as yet are not as an effective evaluation tool as they could be.

Conclusion

19.30 The committee recognises that PPDs are a major step forward in improving the effective delivery of Australia's development assistance to the region. It believes, however, that they have the potential to do more. The committee has identified a number of areas where it believes that the PPDs, as they relate to Australia's contribution, could be strengthened both as a guiding policy document and as an evaluation tool. The committee believes that to be effective, the PPDs should:

- have projects with clear, specific and measurable objectives that contain detailed information on project scope, schedule and risks, and that make clear Australia's role in, and its anticipated contribution to, achieving those stated objectives;

19 AusAID Office of Development Effectiveness, *Annual Review of Development Effectiveness 2007*, p. 39.

20 AusAID Office of Development Effectiveness, *Annual Review of Development Effectiveness 2007*, p. 42.

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- connect the specific objective of projects with the relevant MDG (or other identified high level goal) ensuring that intermediate objectives are identified so that there are obvious links between the specific and the broader goals;
 - acknowledge and reflect the interrelatedness of the separate projects to be undertaken both within and across sectors;
 - demonstrate the ways in which projects in the PPD complement those of the partner country and of other bilateral and multilateral programs;
 - contain performance indicators that go beyond measuring processes or technical achievements, such as building a road or a school, to measure outcomes; and
 - adhere to the guideline outlined by the Office of Development Effectiveness (Appendix 1 to *Annual Review of Development Effectiveness 2007*).

