

# Pacific Partnership II – Evaluation Report<sup>1</sup>

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## Executive Summary

### *The Pacific Partnership II*

The Pacific Partnership II (“Partnership” or PP-II), the program that is to be evaluated, was formed between the Australian Government, represented by the Department of Foreign Affairs and Trade (DFAT), the Government of New Zealand, represented by the Ministry of Foreign Affairs and Trade (MFAT), and the International Finance Corporation (IFC) as the implementing agency. The Partnership is a five-year program, funding activities from July 1, 2017, to June 30, 2022. DFAT committed AUD 20 million for the full five years, with MFAT contributing USD 3 million for implementation of activities up to December 31, 2020.

As the name suggests, PP-II is a follow-on program, continuing the first Pacific Partnership (discussed below), which was also funded by DFAT and MFAT and implemented by the IFC.

### *Partnership countries and their context*

The Partnership covers 11 countries. The majority of activities takes place in 5 of those countries, namely Solomon Islands, Tonga, and Vanuatu, plus Fiji and Papua New Guinea (PNG) for multi-country strategic interventions. The six other countries are: Kiribati, Samoa, Tuvalu<sup>2</sup>, Palau, Federated States of Micronesia, and the Marshall Islands. The three countries in the North Pacific

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<sup>1</sup> PLEASE NOTE: In order to protect the legal obligations between IFC and its clients, the report that follows is a slightly edited version of the full evaluation, amended to protect commercial-in-confidence information of IFC’s clients. Every effort has been taken to keep such changes minimal, to preserve the overall narrative of the full evaluation, and to retain the findings, rankings and recommendations of the independent evaluator.

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<sup>2</sup> Tuvalu joined IFC in April 2019 so wasn’t part of PP-II before then.

(Palau, Marshall Islands, Micronesia) are generally not a central part of the Partnership, and projects there are considered on a case-by-case basis.

Though the geographical scope of the Partnership is truly vast, the economies targeted by the Partnership are among the very smallest in the world. The partnership covers just over 10 million people, 9 million of which are in Fiji and PNG, spread across an area twice the size of continental Europe. In addition to the exceptionally difficult geography and small scale, the Pacific Islands share a number of development challenges. They are uniquely vulnerable to the effects of climate change, exposed to both rising sea levels and the increased frequency and severity of tropical cyclones. Their economies are not only geographically isolated and small in size, but also reliant on narrow bases, dominated by the agricultural, tourism, and extractive industries, and often suffer from a lack of infrastructure linking dispersed communities to market hubs. Island populations are growing without the commensurate economic growth, which results in rising unemployment (estimated employment rates at less than 50 percent in several of the island nations) and rapid urbanization. The Pacific's Small and Medium Enterprises (SMEs) report difficulties in accessing markets for their products or accessing financing to start or expand their operations. There is a high degree of informality in business operations and transactions.

#### *Key elements and objectives*

The five-year Partnership aims to deliver interventions across the following three strategic priority areas, with gender mainstreamed across all PP-II activities.

- (i) Accelerating access to infrastructure
- (ii) Leveraging existing businesses
- (iii) Enabling market opportunities

The gender dimension is a high priority for the Partnership. It is also partly reflected in the six high-level aspirational goals, which have been articulated for the Partnership.

- 1) Mobilize new private sector investment through IFC interventions
- 2) Source additional direct investment or co-investment in the Pacific private sector, including
  - a. Number of direct jobs created through IFC investments
  - b. Number of direct jobs for women created through IFC investments
- 3) Generate private sector cost savings through interventions to reduce the cost of doing trade and improvements in trade logistics
- 4) Improve men and women's access to financial services
- 5) (a) Strengthen and promote economic empowerment
  - (b) Strengthen and promote women's economic empowerment
- 6) Increase access to infrastructure

There are no numerical targets associated with these six aspirational goals at the Partnership level. Instead, the targets for PP-II are derived from the aggregation of the numerical targets of PP-II-funded projects.

The following table provides an overview of the 10 main projects that are examined as part of this evaluation.

PROJECT NAME	STATUS	COUNTRY	ALIGNMENT WITH PARTNERSHIP GOALS	TOTAL BUDGET (USD)	PARTNERSHIP APPROVED FUNDING (USD)	PROJECT START DATE	PROJECT END DATE
Tina River Hydropower IPP	Implementation. On track.	Solomon Islands	1, 6	3,405,808	525,000	1 December 2009	30 June 2020
Pacific Renewable Energy Generation	Implementation. Flagged.	PNG, Fiji, Solomon Islands, Vanuatu, Tonga, Samoa	1, 2, 6	3,353,835	312,733	1 October 2014	30 June 2020
Solomon Islands, Vanuatu & PIC Tourism	Implementation. On track (Dec19), now 'flagged' due to Covid-19.	Solomon Islands, Vanuatu	1, 2, 5, 6	2,931,748	2,700,000	1 July 2017	30 June 2021
Pacific Payment Systems	Implementation. On track. PP-I. As agreed with DFAT/MFAT, M&E results to be tracked under PP-II as of 1st July 2019.	PNG, Fiji, Vanuatu, Samoa, Solomon Islands	4	8,423,734	6,824,721	7 February 2013	30 June 2022
Pacific Remittances (component of Pacific Payment Systems)	Implementation. On track.	Tonga	4	8,423,734	989,000	December 2018	30 June 2022
PICs WINvest	Implementation. On track.	PNG, Fiji, Solomon Islands, Vanuatu, Kiribati	5	831,386	730,000	1 April 2019	30 June 2022
Pacific Pensions	Pre-implementation. Too early to tell.	All, through PIIF	4	1,145,461	1,145,461	4 February 2020	31 December 2022
Comprehensive. Credit Reporting	Pre-implementation. Too early to tell.	PNG, Solomon Islands, Vanuatu	4	1,360,373	1,360,373	1 December 2018	30 June 2022
ANZ Mobile Banking	PP-I. Closed. Results tracked under PP-I goals/targets.	Solomon Islands, PNG, Vanuatu	4	1,793,915	1,193,915	9 October 2014	30 June 2019
Pacific Women in Business (Pacific WINvest)	PP-I. Closed. Results tracked under PP-I goals/targets.	PNG, Solomon Islands	5	5,110,055	2,655,735	1 July 2014	31 Dec 2019

Table 1 - PP-II overview of projects and goal alignment

In addition to these 10 projects there is work underway related to Vanuatu Airways and Airport, Bina Harbor in Solomon Islands, and other discussions on potential future work in advisory and investment, some of which are discussed as part of the Findings.

PP-II is a key component of the broader engagement of the World Bank Group. The engagement of the World Bank outside of the Partnership as well as the engagement of other development partners in the PICs, including the Asian Development Bank (ADB) and bilateral donors, is also considered during the evaluation.

### Evaluation objectives and scope

The evaluation's objective is to answer two basic questions.

1. What has worked well and less well in the past?
2. What adjustments are warranted for the future?

The first part is assessing the performance of the Partnership as part of IFC's accountability towards all stakeholders. The second part is providing recommendations that will inform and shape the continued implementation of PP-II as well as any redesign of PP-II or follow-on work after its completion.

This evaluation assesses the Partnership overall and its component projects. For the projects, the evaluation maintains a birds-eye view, without delving into the details of the component projects, but keeping in mind each project's contribution to its own objective and targets as well as to the aspirational Partnership goals.

### *Methodology*

The Partnership will be assessed along the five criteria defined by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). The five criteria are relevance, effectiveness, efficiency, impact, and sustainability. For numerical rankings, the following scale is used: 1 for "very poor quality"; 2 for "poor quality"; 3 for "less than adequate quality"; 4 for "adequate quality"; 5 for "good quality"; and 6 for "very high quality".

The fact that this is a Mid-Term evaluation, more than two years before the end of the program, as well as the impact of a significantly altered external context due to the global Covid-19 pandemic, influences with what level of confidence these criteria and associated rankings can be applied.

### *Data sources and interviews*

There are two main data sources. First, a desk review of all available documents, including but not limited to project documents supplied by the team. These include documentation at the level of the Partnership and individual projects. Second, a series of interviews and discussions were suggested and arranged by the IFC team, in consultation and with input from the evaluator. The interviews were conducted over 10+ days via webex and other communication platforms; Monday, May 25 to Tuesday, June 9. The stakeholders that were interviewed were:

- The IFC team, including the team responsible for the overall Partnership as well as the teams responsible for the implementation of each of the 10 component projects.
- The funders of the Partnership; DFAT and MFAT, represented by the relevant teams.
- The key individuals and units among government counterparts and agencies.
- Firms, NGOs, community organizations and other organizations working with and/or receiving support from the IFC as part of the Partnership.
- The World Bank team members were part of the conversation where this was particularly relevant, e.g. Tina River Hydro project.
- As a main development partner, the relevant team at the Asian Development Bank.

### *Global Covid-19 pandemic*

The global Covid-19 pandemic has a big impact on the Partnership. It is therefore inevitable that it features prominently in this evaluation, affecting methodology, findings, and recommendations.

## Findings

### *The Partnership has achieved significant results and is likely to achieve more*

The analysis of the individual projects shows that PP-II has achieved important results, and built a pipeline of significant, expected results. There have also been a number of significant delays and non-achievement of results. These temper the positive narrative. On the other hand, the combination of rigid reporting format and unusually challenging context within which PP-II operates is leading to an underreporting of impact.

### *High relevance (score: 5.5)*

The Partnership is highly relevant for the region. The identified priorities are the right ones and have stood the test of time. The priorities remain largely unchanged, even in the face of an economic crisis as severe and all-encompassing as the current one related to the Covid-19 pandemic. This represents a remarkable endorsement of the Partnership's relevance. Regarding implementation, some questions arise about the relevance or suitability of IFC's standards and risk appetite for this region specifically. This reservation warrants a half-point deduction in relevance score.

### *Moderately strong effectiveness (score: 4) and efficiency (score: 4.5)*

Both effectiveness and efficiency have been mixed, marked by strong performance and achievement of results in most areas or setting the stage for significant results as soon as projects can resume their work, but also marked by an inability or unwillingness to make much headway in some others.

### *There is some evidence to suggest that impact and sustainability will be achieved (score: 4.5 on both)*

It is too early to assess impact and sustainability with a sufficient degree of confidence. Not only because of Covid-19, but also because for a Mid-Term review these criteria are difficult (and partly impossible, by definition) to pin down. Nevertheless, there is some evidence that points towards solid impact and sustainability in the future, at least regarding some of the Partnership goals. Since not all of the PP-II goals have currently contributing projects, the scores are reduced and should, in any case, be considered quite preliminary in light of the discussed disruption and uncertainties going forward.

### *Transformative work on gender*

The achievements of the work on gender are generally strong, even as they take time and effort. Building on the work done in PNG, Fiji, Solomon Islands, the continuation of the progress already achieved there, as well as pushing this advisory work to the smaller economies will be challenging in a post-pandemic mode of recession and recovery, but no less important.

## Key recommendations

### *Continue PP-II and current structure of partnerships*

The Partnership should be continued along its current, overall design and structure. Future iterations of the Pacific Partnership should follow the same model. PP-II is a success, even with setbacks and all. It is a highly relevant program, organized along a set of priorities which have been confirmed to be the right ones. The absence of numerical targets and the implementation of parallel partnerships

facilitate operational flexibility, innovation, and achievement of results, although they also make evaluations less precise.

#### *Augment results framework*

The results framework at both project level and partnership level should be augmented to capture indirect results more comprehensively. A broader exchange among the PP-II partners would be helpful to discuss expectations and what is meant by results. Specifically, the relationship between measurable results, along the lines that are set by IFC M&E standards, and qualitative or less easily attributable results, which currently are underreported. More effort is warranted among partners to articulate what type of impacts are expected, especially any qualitative impacts. The Partnership should seek to articulate, in a way that it hasn't yet, what type of indirect or partial and qualitative results are favored and would be noted, even in the absence of quantifiable results.

#### *For post-Covid context: resume implementation*

Implementation of projects, where it has slowed down or even been halted, should resume as soon as possible. The global pandemic has disrupted some of the implementation of PP-II projects. The resumption of their implementation is now all the more important, as the region is likely to be sliding into a severe recession. The key priorities remain valid, though they may apply in somewhat altered ways. From the perspective of the Partnership, there are no obvious areas that should be dropped or obvious new areas that should be included, as might have been the case if the pandemic had become a public health crisis in the Pacific, as it has elsewhere.

#### *Particular focus on SME finance and Renewable Energy, and big ideas*

In addition, to resumption of implementation, additional efforts might be warranted on SME finance and renewable energy. The Partnership should explore whether there are additional ways in which results might be pursued in these two areas specifically. Some of these discussions are already ongoing. Innovative financing solutions in both areas are called for.

The Partnership should be open to the possibility for exploring big ideas to fit the context of a post-pandemic Pacific region. The current moment is a dramatic inflection point across the globe and certainly across the Pacific. Even as it's very early days and discussions on how to respond are very much ongoing across the globe, it would be good for the Partnership to be open to exploring disruptive approaches that are suitable for the private sector in the Pacific. What is possible, once the halted economies are ready and permitted to restart? Bold thinking is called for; fresh ideas that fit the Pacific. Exploring such disruption could include areas of work that the Partnership already covers, for example on renewable energy and SME finance. Beyond these two topics, disruptive ideas could be explored as part of short-term analytical pieces on what the options for restarting economies might look like sector by sector. Aside from innovation, in the response to Covid-19, this all stakeholders agree on, speed is key.

# 1. Evaluation objectives

## Context

### *The Pacific Partnership II*

The Pacific Partnership II (“Partnership” or PP-II), the program that is to be evaluated, was formed between the Australian Government, represented by the Department of Foreign Affairs and Trade (DFAT), the Government of New Zealand, represented by the Ministry of Foreign Affairs and Trade (MFAT), and the International Finance Corporation (IFC) as the implementing agency. The Partnership is a five-year program, funding activities from July 1, 2017, to June 30, 2022. DFAT committed AUD 20 million for the full five years, with MFAT contributing USD 3 million for implementation of activities up to December 31, 2020.

The overall goal is to support broad-based economic growth, a dynamic private sector, and the expansion of economic opportunities, especially for women, in the Pacific Island Countries (PICs).<sup>3</sup>

As the name suggests, PP-II is a follow-on program, continuing the first Pacific Partnership (discussed below), which was also funded by DFAT and MFAT and implemented by the IFC.

### *Partnership countries and their context*

The Partnership covers 11 countries. The majority of activities takes place in 5 of those countries, namely Solomon Islands, Tonga, and Vanuatu, plus Fiji and Papua New Guinea (PNG) for multi-country strategic interventions. The six other countries are: Kiribati, Samoa, Tuvalu, Palau, Federated States of Micronesia, and the Marshall Islands. The three countries in the North Pacific (Palau, Marshall Islands, Micronesia) are generally not a central part of the Partnership, and projects there are considered on a case-by-case basis.

Though the geographical scope of the Partnership is truly vast, the economies targeted by the Partnership are among the very smallest in the world. The partnership covers just over 10 million people, 9 million of which are in Fiji and PNG, spread across an area twice the size of continental Europe. Among the included countries, PNG and Fiji are dominant; none of the others make up more than 3% of the total population or GDP, with the exception of Solomon Islands at just over 4% of total regional GDP.

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<sup>3</sup> This articulation of the overall goal is suggested based on the stated, strategic priority areas and key WBG engagement documents. For a more detailed discussion of this aspect, please see Section 3 on Methodology and Theory of Change.

	Country	Population (% of total)	GDP in USD (% of total)	GDP/capita
1	Fiji	883,483 (7.99)	5.5 billion (16.40)	6,257
2	Papua New Guinea	8.6 million (77.88)	23.5 billion (69.62)	2,730
3	Solomon Islands	652,858 (1.77)	1.4 billion (4.13)	2,138
4	Tonga	103,197 (0.93)	450 million (1.33)	4,364
5	Vanuatu	292,680 (2.65)	914 million (2.71)	3,124
6	Kiribati	115,847 (1.05)	188 million (0.56)	1,625
7	Samoa	196,130 (1.77)	820 million (2.43)	4,183
8	Tuvalu	11,508 (0.10)	42.6 million (0.13)	3,701
9	Palau	17,907 (0.16)	284 million (0.84)	15,859
10	Micronesia (FS)	112,640 (1.02)	402 million (1.19)	3,568
11	Marshall Islands	58,413 (0.53)	221 million (0.66)	3,788
<i>for reference</i>				
	<i>Australia</i>	<i>25.0 million (226.1)</i>	<i>1.4 trillion (4248.20)</i>	<i>57,396</i>
	<i>New Zealand</i>	<i>4.8 million (43.81)</i>	<i>205 billion (607.12)</i>	<i>42,331</i>

Table 2 - Summary statistics, Source: World Development Indicators, 2018

For reference, the size of the population and economy of Australia and New Zealand are included, including how they compare to the total population and GDP of all the Pacific Islands combined. The table illustrates the formidable challenge to design and implement a program that stretches across such a large number of countries, especially when each of them is small and remote, and organizational capacities in both the public and private sectors are inevitably scarce.

For an additional perspective, it is useful to consider how the size of the Pacific Island Countries compares to the size of countries elsewhere, in other regions. When ranking 185 countries by the size of their economies, of the 16 smallest economies (rank 170-185) 9 of them are PP-II countries. Indeed, other than PNG and Fiji, all of the PP-II countries are among the 16 smallest economies in the world. In other words, among the P-II countries beyond PNG and Fiji, the 'easy' markets to work in to develop the private sector and expand economic opportunities simply don't exist.

In addition to the exceptionally difficult geography and small scale, the Pacific Islands share a number of development challenges. They are uniquely vulnerable to the effects of climate change, exposed to both rising sea levels and the increased frequency and severity of tropical cyclones. Their economies are not only geographically isolated and small in size, but also reliant on narrow bases, dominated by the agricultural, tourism, and extractive industries, and often suffer from a lack of infrastructure linking dispersed communities to market hubs. Island populations are growing without the commensurate economic growth, which results in rising unemployment (estimated employment rates at less than 50 percent in several of the island nations) and rapid urbanization. The Pacific's Small and Medium Enterprises (SMEs) report difficulties in accessing markets for their products or accessing financing to start or expand their operations. There is a high degree of informality in business operations and transactions.

### *Key elements and objectives*

The five-year Partnership aims to deliver interventions across the following three strategic priority areas, with gender mainstreamed across all PP-II activities.

- (i) Accelerating access to infrastructure
  - Restructuring government ownership models (partial and full privatizations); mobilizing new strategic investors



- Delivering high quality outcomes – public private partnership (PPP) transaction advisory; project funding
  - Addressing the energy gap and broadband connectivity by convening key players; partners and financing electricity and connectivity projects
- (ii) Leveraging existing businesses
- Investment – directly and indirectly – primarily in manufacturing, agribusiness and services; exploring linkages with small and medium enterprises; and through risk-sharing with partner banks
  - Facilitating risk capital financing, moving beyond private equity and provident funds and building capital markets
  - Strengthening supply chain interventions to aggregators; improving commodity handling; and simplifying trade logistics
- (iii) Enabling market opportunities
- Closing the gap – access to and reducing costs of payment systems; mobile banking; remittances; broadband connectivity
  - Intervening at the sector or thematic levels – gender, tourism
  - Lowering the cost and complexity of doing business – investment policy, trade facilitation, systems simplification

The gender dimension is a high priority for the Partnership. It is also partly reflected in the six high-level aspirational goals, which have been articulated for the Partnership.

- 1) Mobilize new private sector investment through IFC interventions
- 2) Source additional direct investment or co-investment in the Pacific private sector, including
  - a. Number of direct jobs created through IFC investments
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Table 3 - PP-II overview of projects and goal alignment

In addition to these 10 projects there is work underway related to Vanuatu Airways and Airport, Bina Harbor in Solomon Islands, and other discussions on potential future work in advisory and investment, some of which are discussed as part of the Findings.

#### PP-II context

PP-II is a key component of the broader engagement of the World Bank Group. The engagement of the World Bank outside of the Partnership as well as the engagement of other development partners in the PICs, including the Asian Development Bank (ADB) and bilateral donors, is also considered during the evaluation.

As noted above, PP-II is a follow-on program, continuing the first Pacific Partnership. The first, original Pacific Partnership was an agreement between the IFC, DFAT (signing in December 2012), and MFAT (signing in June 2013). Original contributions by DFAT and MFAT were AUD 20 million and USD 4 million, respectively. With additional project funding and rollover funds total commitments for the first Partnership amounted to approximately USD 29 million for DFAT and USD 9 million for MFAT. The first Partnership sought to build on and deepen the preceding, long-standing relationships between the three partners in the Pacific, based on the common strategic theme of Sustainable Economic Development. The foundation of the first Pacific Partnership were IFC's high-level private sector development objectives: (a) promotion of inclusive growth by improving domestic business opportunities, and (b) support for global integration by accessing and creating new markets. Out of this first Partnership, essentially three partnerships emerged, all of which are

largely designed along the lines of the original Pacific Partnership, funded by DFAT and MFAT and implemented by the IFC. Country-based partnerships were initiated in Papua New Guinea and Fiji in 2015-16, with PP-II following in 2017.

There is considerable overlap between these four partnerships. Some projects have been carried over from the first to the second Pacific Partnership, while projects with a country-focus on PNG or Fiji included in the first partnership were mostly separated out into the individual country partnerships and are not part of PP-II. Yet PP-II is explicitly intended to support multi-country strategic interventions that include Fiji and PNG, along with the support for activities within the individual PICs. Thus, PP-II is designed and operates within an ecosystem of partnerships as well as within the broader landscape of different development partners.

This context has two key implications for the assessment. First, the baseline for PP-II is significantly different than for the other partnerships, including the first Partnership, which has a direct impact on the assessment of performance. PP-II is directed at the most challenging part of the region. With the two largest markets mostly carved out (PNG and Fiji), PP-II is tasked with developing the private sector in a far-flung region made up entirely of 9 of the 16 smallest economies in the world (though regional projects can include Fiji and PNG). The performance under PP-II has to be assessed against this unusually challenging context. Second, while PP-II has a clear start and end date (July 1, 2017 to June 30, 2022), there is considerable overlap in terms of the operational work with the other partnerships. This adds a layer of complication for the evaluation. Since projects take more time to come to fruition than elsewhere, the Partnership and component projects may pursue success over a long period, spanning formal projects and even partnerships, yet the results are recorded in a single time period. The implication is that the Partnership's performance will have a tendency to appear more volatile (big results, followed by no results, followed by big results) than it actually is.

## Evaluation objectives and scope

### *Performance assessment and recommendations for follow-on work*

The evaluation's objective is to answer two basic questions.

1. What has worked well and less well in the past?
2. What adjustments are warranted for the future?

The first part is assessing the performance of the Partnership as part of IFC's accountability towards all stakeholders. The second part is providing recommendations that will inform and shape the continued implementation of PP-II as well as any redesign of PP-II or follow-on work after its completion.

The Terms of Reference elaborate on the objective: to inform decisions on current and future funding levels of the Partnership and whether adjustments are recommended to improve the efficiency and effectiveness of the Partnership in delivering its strategic priorities and high-level aspirational goals. The evaluation will also identify key challenges and opportunities relevant in implementation of the Partnership and provide recommendations to enhance the success of PP-II activities.

As per the Terms of Reference, the eight evaluation questions are

- How relevant is the PP-II strategy and its activities to IFC, DFAT and MFAT priorities?

- Is the portfolio positioned effectively to achieve the development goals?
- Are the Partnership goals likely to be achieved by the end of the program?
- Beyond the Partnership goals, what other outcomes and impacts have been achieved by the program so far?
- To what extent has the Partnership achieved its gender equality and empowerment objective?
- How efficient and effective has the IFC been in progressing against its objectives and goals under the Partnership?
- What, if any, adjustments are recommended to improve efficiency and effectiveness of the Partnership to ensure progress towards Partnership goals?
- What would be the costs and benefits of funding the IFC to deliver the Partnership beyond June 2022? If the Partnership were to be extended, what would be the key recommendations regarding strategy, governance, resourcing and timeframes?

These questions are answered in Section 4 below.

### *Mid-term review*

Since this evaluation is a mid-term review, being carried out two years before the end of PP-II, the third evaluation question listed above – whether Partnership goals *are likely to be achieved* by the end of PP-II – is a central one in the evaluation. The judgement by all who are interviewed as well as by the evaluator himself is taken into account. The Covid-19 pandemic impacts on this question in particular. In general, the mid-term review aspect becomes especially important if there are significant shifts in the external context within which the evaluated program is operating. That is clearly the case here.

### *Audience of the evaluation*

The evaluation report has several distinct audiences. The first audience is the IFC team which is managing the Partnership's implementation and will be most directly involved in the design of any potential follow-on Partnership. It is also the same IFC team that has provided the evaluation's Terms of Reference and that will indicate preferences and provide guidance throughout the evaluation in terms of style and emphasis. The evaluation should provide the IFC team with the input to satisfy internal reporting requirements, facilitating the reporting back to headquarters in Washington about how the Partnership has been designed and implemented and where adjustments will be made or which elements could inform the design and implementation of other IFC advisory services programs.

The second audience are the funders of the Partnership, specifically the Governments of Australia (DFAT) and of New Zealand (MFAT), represented by the relevant teams. For these two, the evaluation provides input for their own reporting in Canberra and Wellington, respectively, to indicate whether and why the Partnership is an appropriate way to spend taxpayer funds.

The third audience is the governments of the involved PICs, including their agencies. Since government officials have invested their scarce time for this Partnership, they will be keen to have something to report to their bosses and constituents; why, how, and where the Partnership has been successful and deserves continued investment of time and energy.

Finally, the fourth audience are all other stakeholders with indirect investment in PP-II. This includes (i) the ultimate recipients of the program, the people of the Pacific and, more narrowly, those individuals who have received improved services that organizations provide which have been direct

recipients of outputs from PP-II; (ii) firms and organizations that have received such direct benefits/output; (iii) NGOs or community organizations that represent specific subgroups of citizens who have received, or ought to receive, improved services; as well as (iv) development partners who are engaged in related work, including the ADB and others.

### *Scope of the evaluation*

This evaluation assesses the Partnership overall and its component projects. For the projects, the evaluation maintains a birds-eye view, without delving into the details of the component projects, but keeping in mind each project's contribution to its own objective and targets as well as to the aspirational Partnership goals.

The Level of Effort for the evaluation has been 27 days, allocated with approximately 6 days for desk review and preparation, 10 days for web-based interviews and data collection or document review, 5 days for analysis and write-up, and finally 6 days for responding to comments received and for presentation of the results to the PP-II Steering Committee.

## 2. Change of context, due to the global Covid-19 pandemic

The global Covid-19 pandemic has a big impact on the Partnership. It is therefore inevitable that it features prominently in this evaluation, affecting methodology, findings, and recommendations.

Between the time that the Terms of Reference for the evaluation were written and the evaluation started, the global Covid-19 pandemic unfolded at staggering speed. The context within which the evaluation is carried out and within which the Partnership now finds itself has shifted dramatically. Strict restrictions on travel within and across national and even subnational borders were put in place all over the world. These restrictions also applied across the Pacific Islands, with severe implications for their remote economies and their dependence on income from tourism and trade. The resulting pressure on the economies and societies in the Pacific is already felt. However, an even more troubling aspect is the high degree of uncertainty in the medium to longer term. At present, it is impossible to predict with confidence how the situation will develop.

Three related points are highlighted. First, as stated earlier, the evaluation has a backward-looking part (assessing performance) and a forward-looking part (recommendations for the future). The external context within which PP-II operates changed right after the conclusion of the period which this evaluation is intended to assess. Thus, the link between the assessment of past performance and recommendations for future design and implementation is weaker. Since it is still unclear how the external context will evolve in the coming weeks and months, it is difficult to provide detail and precision for operational recommendations or to estimate when and how progress of individual projects will resume.

Second, in the Pacific the Covid-19 pandemic was and remains primarily an economic crisis, not a public health crisis. The economic crisis is a severe one, but when considered from the point of view of the Partnership, this qualification matters. There is no immediate need to shift Partnership resources in order to develop support programs in public health. The birds-eye view of the priorities among the PICs hasn't changed much, even if there is a greater sense of urgency.

Third, the timing of the evaluation is useful. It is the right time to explore options going forward, precisely because of the inflection point of lasting – even if still uncertain – change in the external

context. Are there areas where the Covid-19 pandemic might be seen not only as the calamity that it is, but also as a potential opportunity? Might the disruption open the door for exploring paths that wouldn't have been realistic before? Both at the Partnership level and at the project level, are there new ways of approaching things, rather than only focusing on rebuilding the state of the world prior to the pandemic? The information collected through the interviews across the different stakeholders can be used to shed some light on how PP-II might be most useful to all stakeholders and provide guidance to the teams and PP-II partners for navigating the inevitable uncertainty of the coming months.

### 3. Methodology and Theory of Change

#### The evaluation's approach

At the outset, a standard approach was developed for this evaluation and discussed with the team; a mixed methodology using both quantitative and qualitative measures, with a greater emphasis on the latter since the Partnership is ongoing and since numerical targets are defined only at the project level.

The methodology follows the standard structure:

- i. A high-level Theory of Change is outlined for the Partnership, based on documents for PP-II and component projects, due to the absence of a detailed Theory of Change or defined numerical targets at the Partnership level;
- ii. Qualitative data, as well as quantitative data if available and relevant, is collected and reviewed, supported by a birds-eye-view analysis of quantitative data from component projects;
- iii. Data is analyzed, including analysis of the approach taken in the projects, and results as well as their relation to the Theory of Change are discussed (internal validity); and
- iv. Results and their relevance for future interventions are discussed (external validity).

This structure underlies the assessment, though for ease of reading and clarity, the individual steps are not articulated separately.

The changes in behavior that can be attributed to the Partnership (outcomes, in the results chain) are of particular importance; overall and especially with respect to gender. The evaluation will seek to identify and articulate where and how behaviors have been influenced by the Partnership's projects and what the impact of such changed behavior has been and/or is likely to be in the future. The evaluation will seek to identify any synergies among projects, if any, and if they yield to common outcomes (change of behavior by the clients) and impacts.

#### *DAC evaluation criteria*

The Partnership will be assessed along the five criteria defined by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). The five criteria are relevance, effectiveness, efficiency, impact, and sustainability. For numerical rankings, the following scale is used: 1 for "very poor quality"; 2 for "poor quality"; 3 for "less than adequate quality"; 4 for "adequate quality"; 5 for "good quality"; and 6 for "very high quality".

As noted, the fact that this is a Mid-Term evaluation, more than two years before the end of the program, as well as the impact of a significantly altered external context due to the global Covid-19 pandemic, influences with what level of confidence these criteria and associated rankings can be applied.

Based on the five criteria an initial evaluation matrix was developed, which in turn served as the basis for the interview questionnaire. Both the evaluation matrix and the interview questionnaire are included in Appendix 2. They provided the basis for the interviews, but were not used as a strict guide. The questionnaire and evaluation matrix also match the spirit of the questions with which the desk review of the relevant Partnership and project documents was conducted.

### *Data sources and interviews*

There are two main data sources. First, a desk review of all available documents, including but not limited to project documents supplied by the team. These include documentation at the level of the Partnership and individual projects. Second, a series of interviews and discussions were suggested and arranged by the IFC team, in consultation and with input from the evaluator. The interviews were conducted over 10+ days via webex and other communication platforms; Monday, May 25 to Tuesday, June 9. The stakeholders that were interviewed were:

- The IFC team, including the team responsible for the overall Partnership as well as the teams responsible for the implementation of each of the 10 component projects.
- The funders of the Partnership; DFAT and MFAT, represented by the relevant teams.
- The key individuals and units among government counterparts and agencies.
- Firms, NGOs, community organizations and other organizations working with and/or receiving support from the IFC as part of the Partnership.
- The World Bank team members were part of the conversation where this was particularly relevant, e.g. Tina River Hydro project.
- As a main development partner, the relevant team at the Asian Development Bank.

## Methodological adjustments due to pandemic

### *Interviews*

As the Terms of Reference in Appendix 1 show, the original intent was to do the data collection for this evaluation at least in part through in-country visits and in-person interviews. Because of the travel restrictions related to the pandemic, such an approach was not possible. All the interviews were conducted remotely, through audio and sometimes video link. Information outside of the interviews was gathered in desk research only. Such an approach changes the nature of the evaluation.

It should be noted, however, that during the interviews this changed approach was no surprise to any of the interviewees. All respondents had already adjusted to the restrictions. The web-based interviews fit well into that pattern. Throughout the interviews, indications of discomfort or a sense of detachment that otherwise might be expected did not appear to be a significant influence. Consequently, the negative or distortionary effect of the changed interview modalities may have been muted. At the same time, the issue of a limited exchange of information remained. Nuance, for example, is far more difficult to convey (or to pick up on) if it's on audio only, between two people who have never seen each other before. The information exchange was limited by not being in the

same room, but frequently also by the technical aspects. There were only a few instances where interviews had to be postponed or canceled due to connection problems, but the lag in the audio transmission was often substantial. This meant that a rapid back-and-forth exchange was not feasible. The complexity of the questions had to be adapted to the connection quality, because follow-up questions or clarifications with long audio lag were time consuming and often also confusing for the respondents.

The questionnaire was developed as a preparation for the interviews, but was not used directly. Since the evaluation examined projects across many different jurisdictions and sectors and stakeholders, the interviewees all had vastly different points of contact with the Partnership and different points of view of the work and its broader context. The answers were not directly comparable, in any case. It was critical to get all the information and nuance possible. Therefore, an open format for the interviews was the most appropriate approach, following the spirit of the questionnaire loosely.

### *Scope of the evaluation itself*

Because of these adjustments, in particular the elimination of travel and in-country interviews, the overall scope of the evaluation was adjusted to the current Level of Effort of 25 days (compared to the 40 days outlined in the Terms of Reference in Appendix 1). This change is appropriate, given the methodological adjustments, even as it invariably affects the depth of the evaluation.

### *An augmented Theory of Change*

The Partnership's Theory of Change (the path or logframe *from outputs to outcomes to impacts*) is necessarily part of the evaluation: comparing the progress as planned (Theory of Change) with the actual progress (results and intermediate steps achieved). For PP-II the Theory of Change has been expressed only implicitly. There is no narrowly prescribed progression from outputs to outcomes to impacts at the Partnership level, a deliberate choice in the design of the Partnership. Furthermore, responding to a recommendation in the End-of-Term evaluation of the original Pacific Partnership, no numerical targets have been defined for PP-II's six high-level aspirational goals (partnership-level impacts). The decision to let the goals be primarily driven by targets defined at the project level seems appropriate and the recommendation well argued, but the absence complicates the evaluation of PP-II. A few other aspects should be considered.

First, the PP-II targets are multi-layered. Without numerical targets at the Partnership level and with the explicit expectation that projects are initiated and approved throughout the duration of PP-II, no pre-defined plan exists against which progress can be mapped. Consequently, not all of the prescribed evaluation questions can be answered with clarity. The actual PP-II Theory of Change might best be thought of as a composite. There is the outside structure made up by the Partnership-level articulation of a logical framework: three strategic priorities and corresponding non-numerical objectives; supported by six high-level aspirational goals with identified indicators, but no numerical targets. The target-less indicators are where the individual projects connect to the Partnership level. Each of the project-level Theories of Change build a more tightly defined progression from inputs to outputs to outcomes to impacts, which themselves represent the numerical targets for the Partnership-level. The combination of, on the one hand, the three high-level priorities and their objectives, supported by the six goals and their indicators, with, on the other hand, the project-level logframes and numerical targets make up the PP-II Theory of Change.



Second, the PP-II targets are evolving over time. PP-II is set up so that numerical targets are set at the Partnership level through the act of approving individual projects and their impact targets, which is intended to happen over the life of the Partnership. As a related point, the overlap between the different partnerships means that a hard line where or when PP-II starts and ends would not be helpful. This setup serves operational expediency, but requires additional nuance to evaluate, because the Partnership lacks clear boundaries. In other words, the lack of rigidity in the Partnership structure means better results for PP-II and less precise evaluations. They are two sides of the same coin. As discussed further below, this evaluation finds that the positives outweigh the negatives. Notwithstanding the complications that the overlapping operations and implicit Theory of Change invite, the current structure is appropriate also going forward.

Third, it is worthwhile to reconsider: what counts as a result? For activities funded under PP-II, it is useful to take a broader view on this question. The IFC has been at the forefront of the drive towards more rigorous results measurement in international development for the past 15 years, impacting M&E practices well beyond the organization's own projects and programs. The emphasis has generally been to move away from process towards measurable/countable results, with strict (though evolving) definitions of what may be counted as outcomes or impacts. Reporting rules are set to count final deals and achieved impacts in a uniform way across the globe. This evaluation suggests that for a regional program like PP-II, it would be beneficial to augment the narrow view of results suitable for projects across the globe with a context-specific narrative and give the latter some weight in discussions among partners. PP-II activities take place in a context with exceedingly challenging fundamentals; in terms of size of the economies, for example, at the most extreme end of the spectrum. Firms have to be engaged in a different manner than is the case in larger economies where firms with the capacity to directly engage with the IFC, whether on advisory or on investment, are more numerous. In the Pacific, opportunities to achieve deals and impacts are few and (literally) far between, often requiring novel approaches and often additional resources. However, there is a sense among the IFC team and many in-country stakeholders, that in part thanks to the adjusted approach benefits from IFC engagement are significant and relevant for progress in the Pacific generally. Not paying additional attention to capturing these types of results means that potentially critical, non-numerical impact is underreported. Allowing for a broader discussion of what constitutes worthwhile results would reduce the potential for misalignment of expectations among the partners and resulting frustrations. Further details are provided in the recommendations.

## 4. Findings

### Component projects

The Partnership comprises 10 projects, of which 6 are currently in implementation, 2 have just started (pre-implementation), and 2 others have closed but remain in the portfolio of PP-II as their results are being tracked. For each project, the key parameters are listed, including project objective, end- and start date, budget, impact target, followed by a brief discussion.

## (1) Solomon Islands Tina River Hydropower Independent Power Producer

### *Key parameters*

- Objective: Deliver cheaper, cleaner and more reliable power to Solomon Islanders, through enabling the country's first public private partnership, and signaling to investors Solomon Islands is ready for large projects and partnerships.
- Start- and end date: December 2009 to June 2020
- Partnership budget allocated (USD): 525,000
- Impact target:
  - Financing facilitated (USD) – 100 million
- Comment: The project reached financial closure in December 2019.

### *Highlights and linkages*

- In short: This is a big success. An ambitious and prominent project, taking place in a very difficult country context. It has the potential to transform the energy market in Solomon Islands. It has already had a profound impact in terms of signaling both internally and externally that a PPP transaction of this magnitude is possible in Solomon Islands.
- Relevance: The project is of utmost relevance, in terms of energy supply and security as well as climate change or emissions reduction.
- Implementation: This project took a long time to prepare due to, on the one hand, its scope and ambition and, on the other hand, the difficult context within which it is taking place. The World Bank team had been in the lead for significant parts of it. The genesis was a World Bank mission in 2006 related to renewable energy in Solomon Islands. Hydropower was the only feasible option. The European Investment Bank funded the pre-feasibility study and the World Bank funded the feasibility study. Livelihood- and environmental reviews were conducted. The IFC came in as transaction advisor in 2009. There was limited know-how in Solomon Islands how to do a PPP. The involvement of the IFC was critical for carrying out due diligence and supporting the commercial/transactional side, navigating the complexity, and advising on investor selection, 2010 to 2015. Project land (all of it customary land) had to be identified and compensation paid out to tribes. Following investor selection in 2015, IFC assisted the Government with negotiating the power purchase agreement (PPA), the Implementation Agreement (IA), Government Guarantee (GA) and the Lease Agreement with the private sector consortium. IFC's global experience in power and hydropower was instrumental in assisting to negotiate these complex commercial agreements. Commercial close (i.e., signing of the PPA, IA and GA) took place in December 2018. IFC also assisted the Government with putting together the concessional finance package and in negotiating the complex on-lending arrangements through a secured lending on project finance basis (this enables the Government to have security over the cash flows and assets of the project company). After oil prices dropped in 2015, the need for a concessional finance package became clear. Putting this package together was a two-year effort, from 2016-2018. The role of the World Bank shifted from provision of guarantees intended to crowd-in private funding to the provision of concessional funding. In this collaboration, the IFC team had a distinct identity based on PPP and commercial knowledge and devised an on-lending structure based on limited recourse project finance. IFC-managed Legal Consultants drafted the complex on-lending arrangements based on IFC's inputs so that they were back to back with the upstream concessional finance agreements in order to minimize risk to the Government. This was the first PPP project and first IPP project in Solomon Islands. Allowing longevity of individual staff (in the

Pacific, things take more time, so letting staff hang around is a positive) is a success factor in this environment. Back and forth between IFC and World Bank on safeguards added complexity in an already highly complex project. – Although much of the preparatory technical work for this project was done under PP-I, the key commercial and legal arrangements were developed and finalized under PP-II. The project would not have been successfully completed without the support that was funded by PP-II. It clearly illustrates that some projects in the Pacific involve relatively long-time horizons and require donors to remain engaged to see them through to successful completion.

- Impact: Financial close has been achieved, with USD 210 million facilitated (USD 10 million in private equity and USD 200 million on-lent by the government to Tina Hydropower Limited), compared to the target of USD 100 million. The achievement of impact in terms of increased access to infrastructure (PP-II Goal 6) is still in progress and will not be reached until the power station comes online in 2024.<sup>4</sup>
- Notable results: In addition to the significant numerical, financial impact, the “softer” or cultural impact may actually be bigger for Solomon Islands. All interviewed stakeholders agreed that the demonstration effect of organizing a public-private collaboration of this magnitude in a transparent and legally/financially unambiguous manner has been massive. Particularly noteworthy is doing a transaction of this magnitude with the sense that the public interest was protected throughout, that the money is going where it is supposed to be going, including a landowner participation scheme. Respondents were confident that the success of the project to date will leave its mark on the economy and on the perceived potential of institutions in Solomon Islands and their ability to operate in a modern, professional way. In light of the deal’s size and the context within which it has been taken place, it makes sense that it would take a long time to prepare and execute. In addition, the project has been a good example of integrated World Bank Group work, including MIGA.

“The impact is much bigger than you think. 20% of it you can measure.  
80% of the impact lies in the resulting cultural shift.”

*notable quote from Solomon Islands private sector stakeholder*

- Road ahead: Due to travel restrictions, the start of construction has been delayed. But equipment is on-site; the camp site is ready to go. As soon as travel policies allow, the construction will resume/begin. IFC advisory will be extended for post-advisory work and capacity building. Since this is very much a World Bank Group project, the oversight and protection of the public interest is covered over the longer term, beyond the end of the IFC post-transaction advisory. Following this transaction, other PPPs are being considered. Infrastructure/energy projects are in early stages of discussion. A fisheries project (Bina Harbor) is in the pipeline, a direct result from the successful completion of the PPP deal on Tina River. Its implication is discussed below.

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<sup>4</sup> During the PP-II period (1st July 2017 to 31st December 2019), the Tina River Project achieved, in addition to the impact objective indicated, two major outcome objectives. First, the Commercial Close, with the Power Purchase Agreement signed on 6 December 2018. IFC, with its on-going support, played a critical role. Second, the Financial Close, with the financing documents signed on 12 December 2019. Again, IFC played a key role in assisting with the various financing agreements and other security documentation that needed to be executed.

## (2) Pacific Renewable Energy Generation

### *Key parameters*

- Objective: Open up the renewable/clean energy market for private sector solutions and promoting bankable business models for the commercial/industrial sector in Solomon Islands, Tonga, Vanuatu, Samoa, PNG and Fiji.
- Start- and end date: October 2014 to September 2020
- Partnership budget allocated (USD): 312,733
- Impact targets: [by 06/30/2022]
  - GHG emissions expected to be reduced (metric tons/year) – 11,800
  - Value of financing facilitated (USD) – 10 million
  - Renewable energy expected to be produced (MWh/year) – 15,000
  - GHG emissions expected to be reduced - indirect (metric tons/year) – 328,200
  - Renewable energy expected to be produced - indirect (MWh) – 440,000
  - Number of entities with improved access to infrastructure – 3
  - Value of financing facilitated -Indirect (USD) – 180 million
- Comment: Most project activities take place in PNG and Fiji.

### *Highlights and linkages*

- In short: This project has had mixed progress so far, despite significant investment by the team and, in the case of the Risk Sharing Facility, passing all internal hurdles. The need for impact on renewable energy is massive (75% of Pacific population is without access to electricity; of the remaining 25%, 40-50% of the electricity is produced from fossil fuels). It's too early for recording any impacts and implementation has been delayed for several reasons, but some notable outcomes have been achieved.
- Relevance: The project overall is highly relevant.
- Implementation: The goal was to develop three bankable business models, by finding investors, unlocking markets. With free donor money flowing into the sector, the work is also about getting others to be open to look to the private sector as part of the solution. The team has sought to establish approaches that can be common in the region. The implementation has been hampered by a series of delays. After the start of implementation in Oct 2014, a significant part of the efforts focused on working with potential clients and developing ideas that were identified in the pre-Implementation phase. Of the initiatives that are currently running, and which have produced outcomes, most of them (around 80%) were undertaken as part of PP-II. A key deliverable has been the Guide to Renewable Energy Investment in the Pacific. It analyzes all 11 countries and identified 4 countries for deep dive analysis (PNG, Fiji, Solomon Islands and Vanuatu). The Guide further identified a renewable energy investment pipeline for distributed generation projects in 7 Pacific countries (PNG, Fiji, Solomon Islands, Samoa, Tonga, Federated States of Micronesia, and Marshall Islands). The Guide has been completed and is being prepared for release. Alongside the Guide, a risk share facility with a regional bank was developed. The Risk Share Facility did not materialize despite significant investment by IFC, and even though it was passed by the IFC Board. In PNG, after 2 years of effort, with strong WBG collaboration, a new Solar Rooftop Policy was approved. The policy enables further implementation on the ground. Only slow progress was made on mini-grids, solar IPP in Fiji and Power for Mines. In Fiji, there was some progress with Fiji Gas for mapping of Distributed Generation opportunities. In addition, the project helped map renewable energy needs in Western Province of Solomon Islands, in

support of and collaboration with the tourism work there. – It should be noted that in a technically and politically difficult area like renewable energy, delays tend to emerge while trying to secure government and regulatory approvals, after conceptualization and development of the idea with the client and analytical work to arrive at appropriate solutions has been completed. This means that delays and hurdles to results tend to appear late in the project, and in turn the question (or option) of whether to abandon a particular piece of the work only becomes prominent after significant investment in the project has already been made.

- Impact: Not yet achieved. As part of the project design, impacts were to be achieved post closure of the project. There have been, however, a number of key outcomes that were achieved under PP-II, as noted below.
- Notable results: Some notable outputs have been achieved. (i) Opening up of the Solar Rooftop Market in PNG. Secured regulator (ICCC) approval to introduce grid tied solar rooftop project in PNG (currently under implementation by PNG Power Limited). (ii) Integration of solar power in BSP's operations in PNG. Assessment and development of implementation plan to integrate solar power in BSP's on-grid and off-grid operations across PNG. Recommendations accepted by BSP management. (iii) Concept development and technical assessment to develop Solar IPP project in Fiji. EFL (state utility of Fiji) in final discussions with IFC to launch transaction advisory and attract private sector through a transparent, competitive process. (iv) Concept development and technical assessment to attract private investment in running PNG's 17 brownfield mini-grids being run by PPL. Memorandum of Understanding recently signed with Kumul Consolidated Holdings for next stage of techno-commercial assessment and project structuring. These outputs lay the groundwork toward achieving one of the project's overarching objectives, namely making the market generally aware of and opening the door for the private sector's potential role in renewable energy. Whether on policy or working directly with client firms, the outcomes contribute to improved opportunities for private sector investment in PNG and Fiji and eventually across the Pacific.
- Road ahead: Right now, utilities have urgent problems. Covid pandemic will lead to a delay, but not the need to change priorities fundamentally. Politically, there may be more openness now to bringing in the private sector into the energy sector, due to the disruption. Utilities need to maintain supply, especially with high public interest. In PNG, sales in electricity dropped 40%. Utilities are facing difficult cash flow problems. Exploring potential platform investment for the Pacific.

### (3) Solomon Islands, Vanuatu & Pacific Islands Tourism

#### *Key parameters*

- Objective: Help SMEs increase value proposition of emerging destinations, boosting economic contribution of tourism, and identifying investment potential for public and private sector sponsors.
- Start- and end date: July 2017 to June 2021
- Partnership budget allocated (USD): 2.7 million
- Impact targets: [by 06/30/2024]
  - Value of financing facilitated (USD) – 1,000,000
  - Number of jobs supported – 500
  - Number of jobs supported (women) – 250
  - Sales revenue (USD) – 5,000,000

- Comment: Project was adjusted in June 2019 (roughly halfway through) to account for changes in the external environment, such as changed prospects for tourism from cruise ships.

### *Highlights and linkages*

- In short: This is a very strong project that has seen significant progress, both in terms of impact (e.g. sales revenue) but also in terms of the outcomes that form a foundation upon which future results can be expected. No traction with Samoa and Tonga under PP-I (and thus dropped for PP-II), but good traction in Vanuatu and Solomon Islands.
- Relevance: Highly relevant.
- Implementation: As a result of lessons learned during the first Pacific Partnership, the work under PP-II was designed with specific go/no-go points. After not finding an entry point in Tonga and Samoa, these countries were formally removed and the engagement in Solomon Islands and Vanuatu was deepened. In Vanuatu, learning from earlier work (tourism awards, visitors survey) and continuing China market development work. The expanded scope of activities to include Consumer Market Research on adventure/cultural markets leveraging regional analysis from PNG tourism project (supported through PNG Partnership). In Solomon Islands, Western Province Tourism Investment Needs Assessment (WPTINA) was completed with some delay, not least due to the lack of full-time support on-the-ground. The WPTINA identified three over-arching challenges to bringing in investment at scale: lack of investible sites, lack of infrastructure and lack of data which can point to a clear business case (lack of tourist numbers). To support a dedicated Tourism Consultant for deeper engagement on the Western Province work, MFAT post in Solomon Islands provided additional funding. The consultant’s work included providing technical assistance to MFAT tourism work, but significantly supported the PP-II tourism work, which is now running more smoothly than before. Consultant is managed by IFC team. The project is now focused on tackling the issue of lack of investable land. In addition to creating a roadmap for Government, private sector and other donors, the program has a sequencing and coordination role.
- Impact:
  - Value of financing facilitated (USD) – 392,155 achieved, out of targeted 1,000,000
  - Number of jobs supported – 413 achieved, out of targeted 500
  - Number of jobs supported (women) – 6 achieved, out of targeted 250<sup>5</sup>
  - Sales revenue (USD) – 6,905,773 achieved, already now more than the originally targeted 5,000,000!<sup>6</sup>

“If the IFC doesn’t do this, nobody can.”

*notable quote from tourism professional in Solomon Islands*

<sup>5</sup> Supported jobs currently less than anticipated, as project design assumed greater engagement and expansion of products with cruise lines, particularly in Solomon Islands. It was anticipated that more jobs for women would eventuate from tours and from handicrafts.

<sup>6</sup> Financing facilitated methodology allows the project to count investments by public sector, private sector, IFC/WB or donor entities, in service of income/investment generation. Primary lines of attribution are implementation of WPTINA recommendations in Solomon Islands and in business improvements to support China market in Vanuatu. Also includes work related to Carnival activity where Vanuatu businesses invested in HACCP and related investments to be included in Carnival supply chain. - Revenue methodology is based on both market approach (using IVS data and arrival statistics to determine a portion of the value of Chinese tourism arrivals that can be attributed to IFC) and direct revenue figures from IFC private sector partners.

- Notable results: Impacts have already been achieved. In addition to these direct impacts, however, the indirect impacts should be emphasized. Specifically, the catalytic impact and integration of partners. IFC is now in discussion with the Millennium Challenge Corporation to co-design and fund a follow-on project to be initiated through PP-II after the project closes.
- Road ahead: After the emergence of Covid and its impact on tourism, big thinking is needed as well as resumption of activities and possible scaling-up. In Vanuatu, the China work has been suspended (Tourism Office intends to resume at later date) with IFC support redirected for final year of project to growing niche market arrivals from core markets NZ and Australia. The adventure market is promising for reboot, given pre-COVID rebranding undertaken by the Tourism Office and with IFC consumer market research already completed. Solomon Islands will be especially difficult for post Covid recovery and reboot. There are some potential opportunities for activities geared towards a post-Covid context. Partnering with World Bank and Global Food Safety team to explore health requirements for tourists. In both Solomon Islands and Vanuatu there are opportunities for activities geared towards Covid recovery and resilience, partnering with World Bank (disaster risk management expertise) as well as replicating a global hotel hygiene program being co-developed by IFC tourism and Global Food Safety teams. In addition, in a post-Covid context the preferred path, which IFC has helped advocate for (low volume, high value, culture & adventure), may have become the only path. Tourism is a good lens through which to look at regional development and cross-cutting aspects of development, including energy. IFC support is more important than ever before, since the individual countries face similar challenges and require expertise from global and regional success stories as well as support to explore and hopefully shift towards niche markets and low volume tourism, perhaps in combination with adventure, nature, conservation, history (especially for US market, WWII related).

#### (4) Pacific Payment Systems

##### *Key parameters*

- Objective: Increase access to electronic payment services for unserved and underserved populations in the Pacific Islands by building modern financial infrastructure that enables inexpensive, safe, and reliable transactions to take place, virtually in real time from being able to withdraw money from different ATM machines to doing online banking.
- Start- and end date: February 2013 to June 2022
- PP-I Partnership budget allocated (USD): 5.8 million
- Impact targets: [by 12/31/2022) ,
  - Value (USD) of non-cash transactions per year – 6 billion
  - Cost per international remittance – 7  
This indicator to be discontinued, replaced by NZ Tonga and Australia Tonga target for cost of remittance of 6%.
  - Number of previously unbanked customers – 2 million
  - Number of women using electronic payment instruments – 751,500
  - Fiji Number of people with access to a transactional account – 50,000
  - Fiji Number of women with access to a transactional account – 25,000

- Fiji Value of non-cash transactions – 71 billion<sup>7</sup>
- Number of transactions supported via TDB Tonga Channel – 7,000
- International Remittance Cost (NZ Tonga) – 6
- Value of transactions (USD) via TDB Tonga Channel – 2.7 million
- Comment: Countries in scope are Vanuatu, Solomon Islands, Tonga and Samoa. Work undertaken in Fiji and PNG funded under Fiji Partnership and PNG Partnership, respectively. The Pacific Payment Systems project, commencing February 2013 was funded under PP-I. As agreed by the Pacific Partnership Steering Committee, M&E results are tracked against PP-I goals/targets and will be detailed under PP-II as of 1st July 2019 (prior to that date, tracked under PP-I against PP-I targets).

### *Highlights and linkages*

- In short: This is the biggest project of the Partnership in terms of budget and an excellent example of strong World Bank Group collaboration, covering support on legislation, infrastructure, institutional capacity, etc. – Remittances are part of this project from an internal (IFC) perspective, but separated out within PP-II for new activities.
- Relevance: Highly relevant. The multi-country approach is key.
- Implementation: There have been major delays, but overall steady if slow progress. The work was started back in 2013 under the Pacific Payments and Remittance Program (PAPRI), funded by multi-donor trust funds. The project includes the procurement of hardware and software for the key building blocks of payment systems, Automated Fund Transfer (ATS) and Central Securities Depository (CSD) Systems, for Samoa, Solomon Islands and Vanuatu of USD 3.6 million. The implementation of ATS/CSD is progressing, even though the travel restrictions have caused significant delays (work has continued but at a slower pace). Part of the funding for PNG and Fiji has been drawn from the respective country programs. Fiji was part of the project in the beginning. Government decided to put it on hold. Now moving forward again.  
Work on interoperability in Vanuatu (for example to enable use of a card from one bank for withdrawals from another bank's ATM) requires coordination across the five banks, all with their own points of view and objectives. Not having a project manager on the ground made coordination among the banks slower and likely contributed to some of the delays. However, the stakeholders agree that the contributions and technical/organizational leadership from IFC, even without having a project manager present full-time, have been critical for progress in this project. Delays have been dealt with and implementation is now in the homestretch. In terms of the technical work, the project switched from hub-and-spoke (centralized system with each bank connecting to it) to a bilateral approach (banks achieve interoperability one pair at a time, gradually adding additional pairs to cover the whole system) to achieve interoperability among the five banks. Progress has been made between each bilateral pair. The multi-country aspect has been valuable, allowing learning from others in the region.
- Impact: Note that Impact is for the whole project including activities/components funded by the PNG & Fiji Partnerships.<sup>8</sup>

<sup>7</sup> These targets relate to a component (Fiji Payments) funded by the Fiji Partnership. It is envisaged that this component will be set up under a new project, and these targets will then be reallocated.

<sup>8</sup> Under the Pacific Payment Systems project, impact indicators are not disaggregated for each component/funding source i.e. some components under the broader Pacific Payments System project have been funded by the PNG Partnership and Fiji Partnership (i.e. Interoperable Switch-PNG) with impact results consolidated. Specifically, the first impact



- Value (USD) of non-cash transactions per year – 49 billion achieved, out of targeted 6 billion!
- Number of previously unbanked customers – 1.3 million achieved, out of targeted 2 million
- Number of women using electronic payment instruments – 291,051 achieved, out of targeted 751,500
- Fiji Value of non-cash transactions – baseline US\$54 billion, targeted US\$71 billion<sup>9</sup>
- Number of transactions supported via TDB Tonga Channel – 30,331 achieved, out of targeted 7,000
- International Remittance Cost (NZ Tonga) – 5% achieved (lower than the targeted 6%; the lower the cost the better, average market remittance cost is 10%)
- Value of transactions (USD) via TDB Tonga Channel – approximately 8 million achieved, out of targeted 2.7 million
- Notable results: As outlined in the preceding bullets, impacts have already been achieved. Additional, significant result on payments systems implementation and interoperability are expected once travel restrictions lift. In addition, outputs have been achieved in the form of foundational legal framework reform for payments system and interoperability.
- Road ahead: Relevance for this work is, if anything, increasing. The pandemic has fueled an acceleration of the trend away from cash towards digital payments. A trend that is likely to continue. Strategic priorities remain the same. It is likely that some ongoing support for payments system needed will be needed to assure the impacts are sustained; without support, the technical systems might be difficult to manage in such a remote location.

## (5) Pacific Remittances

### *Key parameters*

- Objective: Provide an affordable and secure way for Tongans to send money home through development and implementation of Ave Pa’anga Pau (“Send Money Securely”) voucher a cashless, compliant, and stable remittance product.
- Start- and end date: December 2018 to June 2022
- Partnership budget allocated (USD): 989,000
- Impact targets: [by 12/31/2021]
  - Value of transactions using TDB Tonga Australia Channel (USD) – 600,000
  - Number of transactions supported via Australia Tonga Channel – targeted 2,000
  - International Remittance Cost (Australia Tonga) – targeted 6%
- Comment: The project is a component of the broader Pacific Payment Systems project.

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indicator/result is for PNG only; second and third indicators include results for PNG, Samoa, and Tonga (TDB); Fiji Value of non-cash transaction will be transferred to new Fiji Payments project, funded by the Fiji Partnership. Impact for Samoa has been partially included in the results data, re. the Payment System Legislation NPS Act enacted in 2014 (on number of unbanked customers and number of women using e-payments instruments). Impact figures on value of transactions and others for Solomon Islands and Vanuatu are yet to be achieved. Additional impact will be expected for Samoa when the Payment Systems are established. Impact results for TDB include the number of users of the remittance corridor.

<sup>9</sup> To be reallocated to Fiji Payments project (once set up - funded by the Fiji Partnership).

### *Highlights and linkages*

- In short: A focused and successful project, addressing an important issue.
- Relevance: Highly relevant.
- Implementation: The work is ongoing; the project has provided technical assistance to Tonga Development Bank (TDB) since 2016 under the first Partnership to address the problems of de-risking money transfer in the Pacific. Under PP-II, developed the business case for the new remittance corridor. IFC support helped set up the subsidiary in Tonga, identified a partner bank in Australia, secured Regional Australia Bank in principle approved the account opening for TDB/Subsidiary; and identified an appropriate regulatory approach to enter Australia, requiring registration with Australian Securities and Investments Commission and approval from the Foreign Investment Review Board. In addition, introduction of single database providing identification; for anti-money laundering requirements etc. Different coordination needed with different players. Given all the parties involved, things have moved slowly, but steadily. Also, assistance with treasury, dealing with FOREX inflows and risk management is planned to support TDB. Remittance product is a good model for other countries as well. Scaling up is planned.
- Impact: Impacts are expected to be achieved when the Australia remittance corridor (Ave Pa'anga Pau, APP) is launched, expected in the fourth quarter of 2020.
- Notable results: Key outcomes mentioned above under implementation. Considering that remittances make up over a third (!) of Tonga's GDP, the highest ratio of remittances to GDP of any country worldwide, the importance of these outcomes and expected impacts for the people of Tonga is difficult to overstate.
- Road ahead: The IFC has developed a proposed regional approach to reducing the cost of remittances. The approach involves replicating the APP model in other corridors of the Pacific, with other financial institutions. In light of Covid, the APP has become even more important as it is a contactless and low-cost remittance channel. Furthermore, continuation of the support is key. The priorities are the right ones for Tonga, also in a post Covid-19 context. More broadly, big questions await Tonga. The country is still Covid-19 free. Yet, it is unclear when and how Tonga's economy, including its reliance on remittances, will be able to recover and rebuild, and whether alternative paths for recovery and development should be considered. The IFC, in collaboration with others, could provide input.

### *(6) PICs WINvest*

#### *Key parameters*

- Objective: Close gender employment gaps in target firms across PICs by increasing recruitment of women, retention and promotion by generating local evidence that demonstrates business case for closing these gaps, and developing locally tailored products and services to help companies take concrete action.
- Start- and end date: April 2019 to June 2022
- Partnership budget allocated (USD): 730,000
- Impact targets: by 06/30/2022
  - Number of people directly benefiting from entities improved labor policies – 5,000
  - Number of jobs supported (women) – 20

- Comment: The project follows the Pacific Women in Business (Pacific WINvest) project listed below, discussed here. PICs WINvest has its own design, though it aims to scale up some of the products/impact from WINvest. The project's proposed scope of work covers all 11 PICs (PNG, Fiji, Vanuatu, Solomon Islands, Tonga, Samoa, Kiribati, Marshall Islands, Micronesia, Palau, Tuvalu).

### *Highlights and linkages*

- In short: Seeking to continue the remarkable progress through the work under the Pacific WINvest which closed only in December 2019. Going from PNG, Fiji, Solomon Islands; then bringing the gender work out to the PICs.
- Relevance: Highly relevant.
- Implementation: Under Component 2 of this project, IFC partnered with Forum Fisheries Agency to provide a) financial literacy training b) leadership training and c) research on women in non-traditional jobs. This work grew out of the work with SolTuna under the Pacific WINvest project. The ongoing research on women in non-traditional jobs includes the exploration of and planning for a first all-female fishing crew (potentially massive demonstration effect), as well as putting women in jobs as drivers and operators of heavy machinery. Leadership training and gender work can also have significant demonstration effect. The work has been building on the work under Pacific WINvest and, for example its work with SolTuna, which was a transformational piece of gender advisory related to turnover and absenteeism, which later evolved into targeted support on financial literacy and household budgeting, as well as working on health & safety. Implementation approach is tailored to each context: e.g. if there are no services, need to pick a different starting point. Without HR policies, there is no use developing a gender perspective for HR. First, an HR policy is needed. Some respondents would welcome a bit more balance in the trainings, in terms of the examples used and in terms of the attendees. Making it inviting for men, for example by making it more neutral (e.g. GBV is always bad, in any direction).
- Impact: Too early to assess for PICs WINvest. Impact measured under Pacific WINvest.
- Notable results: Too early for notable results. See discussion of results below under Pacific WINvest.
- Road ahead: Within the context of Covid, the principles for this work have not changed fundamentally. Overall, the work continues, but how it applies to firms that have been affected by the economic downturn will have to be examined. Need to look at where the businesses are at. For example, if people have been fired, no use in pushing a training package for workers who are no longer there. Otherwise, continuation of the 'train the trainers' work, once travel is permitted again. Looking further ahead, gender work under PICs WINvest might include working with national provident funds. Work with them as employers, but also in terms of their role in social protection and as equity investors ("People, Product, Portfolio"). – In addition, looking at the gendered impact of the economic drawdown. In the Pacific region, there is not much room for backsliding in terms of gender equality. It should be noted that for gender work specifically, success is achieved through focus and sustained effort. This has worked well so far. The ambition to mandate a scaling up of the implementation should be tempered by the danger of spreading the team's resources too thin.

## (7) Pacific Pensions

### *Key parameters*

- Objective: Leverage national level Pacific pension and provident funds to create a single regional platform through the Pacific Islands Investment Forum (PIIF) 18 pensions funds from 12 Pacific Island nations and have this platform use funds for investments across Pacific to help address infrastructure gap.
- Start- and end date: Implementation Plan approved February 2020, end December 2022
- Partnership budget approved (USD): 1,145,461
- Expected impact: Additional funding for commercially viable infrastructure across the Pacific and improved financial strength of the Pacific pension and investment funds, and of the broader financial systems.
- Comment: The project is in pre-implementation. The proposed countries for this project include PNG, Fiji, Solomon Islands, Tonga, Vanuatu, Samoa, Kiribati, Tuvalu.

### *Highlights and linkages*

- In short: Forthcoming project on pensions. Project commenced implementation phase in February 2020. The Cooperation Agreement with PIIF is expected to be signed by End 2020 to formally engage.
- Relevance: Highly relevant, and especially now in a post Covid context.
- Implementation: Initially there were some delays in getting going due to IFC internal restructuring. However, beyond the delays, restructuring does not seem to have impacted quality or availability of resources. MFAT has funded a secretariat position, and PIIF took time to finalize their appointment. It is a part time position, which commenced in Q2 2020. Survey piece on pension/provident funds impact of COVID to be issued by PIIF Secretariat to members is being planned. Investment Principles draft and procurement of global best practice investment platforms in motion.
- Impact: Too early to assess.
- Notable results: None yet.
- Road ahead: With PIIF Secretariat appointed, the momentum is expected to be regained. Keeping a watching brief on level of engagement of PIIF members, also in light of continuing distractions due to impacts from Covid pandemic.

## (8) Pacific Comprehensive Credit Reporting

### *Key parameters*

- Objective: Increase levels of access to credit for individuals and SMEs in Solomon Islands, Vanuatu and PNG by developing/strengthening credit information systems, that will help financial institutions make more efficient and accurate credit decisions, and at lower costs.
- Start date: Project in pre-implementation status as of December 2019. Implementation Plan approved April 2020, end date 31st March 2023.
- Partnership budget approved (USD): 1,360,373.
- Impact targets: [by 12/31/2024]

- Beneficiaries reached with financial services
  - PNG: 462,999, SI: 8,723, Vanuatu: 18,444
- Value of Financing Facilitated (USD) to SMEs
  - PNG: 282 million, SI: 17 million, Vanuatu: 7 million
- Value of financing facilitated (USD)
  - PNG: 1.4 billion, SI: 68 million, Vanuatu: 80 million
- Comment: The project moved into implementation phase in April 2020.

### *Highlights and linkages*

- In short: Providing support in establishing and improving credit bureaus across the region (too early to assess results).
- Relevance: Highly relevant, also and especially now. Markets are too small to make these easily sustainable. Financial and technical support is needed.
- Implementation: Earlier, helped Solomon Islands, Vanuatu, Samoa establish credit bureaus. But initially these used only negative information, notably missed loan repayments. There is an opportunity to expand the work on the credit bureaus to incorporate positive information such as repayment history. Currently, Samoa is not a funded part of this project. Regional perspective needed, because of hardware/software fixed costs. Current focus on Solomon Islands, Vanuatu and PNG. Structure is with three country-based projects. So far, consultations and legal reviews for positive reporting. IFC internal restructuring led to some delays, without otherwise affecting the project or availability of resources. Expecting credit reporting project to extend beyond the end of the partnership. 12-month extension expected to be put in place. Support for set-up, fixed costs of establishing the bureaus. Political and regulatory support with all stakeholders. IFC support has been necessary for establishment.
- Impact: Too early to assess.
- Notable results: None yet.
- Road ahead: Continuation of IFC support. The relevance of this work has increased, considering the deep economic contraction and the need to find a way out of it. Collaboration with the Reserve Banks.

## (9) ANZ Mobile Banking

### *Key parameters*

- Objective: Support ANZ to roll out its mobile banking model *goMoney* and build out their Sales Agent and Merchant network to educate, acquire and service customers in rural and semi urban areas of the Solomon Islands, PNG and Vanuatu.
- Start- and end date: October 2014 to June 2019
- Partnership budget allocated (USD): 1,193,915
- Impact targets: [by 02/29/2020]
  - Number of previously unbanked customers – 137,340
  - (ANZ SI) Number of previously unbanked customers – 35,000
  - (ANZ PNG) Number of previously unbanked customers – 92,340
  - (ANZ Vanuatu) Number of previously unbanked customers – 10,000
  - Number of non-cash (retail) transactions – 6,906,836

- (ANZ SI) Number of non-cash (retail) transactions – 2,444,310
- (ANZ PNG) Number of non-cash (retail) transactions – 4,156,526
- (ANZ Vanuatu) Number of non-cash (retail) transactions – 306,000
- Value of non-cash (retail) transactions (USD) – 14,425,672
- (ANZ SI) Value of non-cash (retail) transactions (USD) – 4,888,620
- (ANZ PNG) Value of non-cash (retail) transactions (USD) – 8,313,052
- (ANZ Vanuatu) Value of non-cash (retail) transactions (USD) – 784,000
- Number of women receiving access to improved services – 58,236
- (ANZ SI) Number of women receiving access to improved services – 17,500
- (ANZ PNG) Number of women receiving access to improved services – 36,936
- (ANZ Vanuatu) Number of women receiving access to improved services – 3,800
- Comment: The ANZ Mobile Banking project, commencing October 2014 was funded under PP-I. As agreed by the Pacific Partnership Steering Committee, project results are tracked against PP-I goals/targets. The project was closed June 30, 2019.

### Highlights and linkages

- In short: Partly successful and partly unsuccessful project to catalyze increased access to financial services through mobile banking in PNG, Solomon Islands, and Vanuatu. Of the three countries, the work in Solomon Islands was successful, the other two less so.
- Relevance: Relevant.
- Implementation: The project was implemented in a rapidly shifting context for mobile banking. In the past 10 years, the Pacific went from no mobile banking to ‘only with’ mobile banking. A key lesson of the implementation was that it was difficult to find the right partners/contractors on the ground which could carry out the daily work. For example, the GoMoney expansion in Vanuatu failed because the team on the ground wasn’t dedicated exclusively to this work. Going forward, the recommendation is to insist on good local partners and local buy-in. In other words, a condition for going ahead with implementation should be that a suitable local contractor has been identified. The project’s experience in Solomon Islands shows that, with a good local partner, a lot of impact can be achieved.
- Impact: *Note that cumulative results are still being finalized.*

	ANZ SI	ANZ PNG	ANZ Vanuatu
Number of previously unbanked customers (target)	35,000	92,340	10,000
Number of previously unbanked customers (achieved)	48,331	59,177	2,988
Number of non-cash retail transactions (target)	2,444,310	4,156,526	306,000
Number of non-cash retail transactions (achieved)	3,557,344	10,768,786	342,428
Value of non-cash retail transactions (target)	4,888,620	8,313,052	784,000
Value of non-cash retail transactions (achieved)	30,657,640	6,353,589	183,200
Number of women receiving access to improved services (target)	17,500	36,936	3,800
Number of women receiving access to improved services (achieved)	33,952	20,059	1,855

Table 4 - country-level results

- Notable results: See listed impacts. Note that IFC implemented similar mobile-banking projects with BSP (i.e. BSP Solomon Islands Mobile Banking project-funded under PP-I) and Westpac (i.e. Pacific Westpac M-Banking-funding under PP-I).

- Road ahead: Digitized bank transactions are more important than ever before. But the digital component of banking remains very basic in the Pacific. There may be potential for further work, e.g. on the lending side; mobile banking infrastructure, but also a regulatory environment that makes it work. Interoperability and payments as part of mobile banking. The key is now mobile coverage. Plus, there could be more work around education of customers, especially for the unbanked. Bricks and mortar will reduce, not increase. So, to increase reach, partnerships are essential. The Covid19 situation has created opportunities to develop digital financial services, not only to retail customers, but also to institutional / commercial borrowers. IFC is at business development stage with both existing and potential clients to progress this opportunity.

## (10) Pacific Women in Business (Pacific WINvest)

### Key parameters

- Objective: Improve economic empowerment of women in the Pacific by working at both the firm and industry level to close gender gaps, with a focus on women's employment.
- Start- and end date: July 2014 to December 2019.
- Partnership budget allocated (USD): 2,655,735
- Impact targets:
  - Number of entities reporting improved performance, by 12/31/2019 – 3
  - Number of people directly benefiting from entities improved labor policies, by 06/30/2019 – 55,000
- Comment: The Pacific WINvest project, commencing July 2014 was funded under PP-I. As agreed by the Pacific Partnership Steering Committee, project results are tracked against PP-I goals/targets. The project was closed December 31, 2019. Countries include PNG and Solomon Islands.

### Highlights and linkages

- In short: Very strong, successful project. Experiences have served as model for elsewhere.
- Notable results: When cultural norms are aligned against gender equality as pervasively as they are in the Pacific, achieving any results is laudable. Achieving results that have served as a guide for what's possible not only across the region, but indeed globally is remarkable. The lessons and innovation of the gender work in the Pacific have served to advance this work at the global level, as these lessons can be tailored to different countries, across the Pacific and globally. Thanks to support of the first Pacific Partnership and now PP-II, the team has been able to develop and pilot innovative approaches to gender work. For example, within the work directly engaging with prominent firms the team approached the gender work by framing the gender question in terms of economic costs arising from turnover and absenteeism of female workers. This way, the team was able to show management the direct financial return on investments in or consideration of gender equality and anti-harassment measures. This approach enabled expansion of the work to additional firms and to other issues, planned for the ongoing successor project, such as financial literacy, household budgeting, as well as health and safety more generally.
- Impact: *Note that cumulative results are still being finalized. Also, these results span work across Solomon Islands and PNG. PNG activities were funded by the first Pacific Partnership and by the PNG Partnership.*

- Number of entities reporting improved performance, by 12/31/2019 – 4 achieved, out of targeted 3
- Number of people directly benefiting from entities improved labor policies, by 06/30/2019 – 58,677 achieved, out of targeted 55,000.

The table below provides an overview of and summarizes the achievements of the component projects. The table shows that some targets have been achieved (e.g. Tina River), while others are expected to be achieved at a later date. Achieved results or indication that results are expected in the future are listed in the column next to the impact targets. Information in the rows indicate the actual impact targets (definition of the indicator and numerical value for the target) for each project. The assessment under 'comment' is a simple summary of the project-level discussion above.



Project	Impact targets – see next column for impact achieved <i>(in italics for PP-I targets tracked under PP-II)</i>	Impact achieved	Overlap	Comment
Tina River Hydropower IPP	Financing facilitated (USD) – 100 million	210 million	Yes, with PP-I; impact fully credited to PP-II	big success, even with delays
Pacific Renewable Energy Generation	GHG emissions expected to be reduced (metric tons/year) – 11,800	None yet (expected for post implementation phase)	Yes, minor overlap. Initiated under PP-I, but majority of activities and outcomes under PP-II.	mixed progress, with some good outcomes (as foundation for potential impact in the future)
	Value of financing facilitated (USD) – 10 million			
	Renewable energy expected to be produced (MWh/year) – 15,000			
	GHG emissions expected to be reduced - indirect (metric tons/year) – 328,200			
	Renewable energy expected to be produced - indirect (MWh) – 440,000			
	Number of entities with improved access to infrastructure – 3			
	Value of financing facilitated -Indirect (USD) – 180 million			
Solomon Islands, Vanuatu & PIC Tourism	Value of financing facilitated (USD) – 1,000,000	392,155	No, but building on PP-I foundation.	very strong project
	Number of jobs supported – 500	413		
	Number of jobs supported (women) – 250	6		
	Sales revenue (USD) – 5,000,000	6,905,773		
Pacific Payment Systems	<i>Value (USD) of non-cash transactions per year – 6 billion</i>	<i>49 billion</i>	Yes. All three: PP-I, PNG, Fiji. Targets and results from PP-I but tracked under PP-II. Fiji work funded by Fiji Partnership ( targets to be reallocated once Fiji project is set up). Full disaggregation not possible.	biggest project of PP-II; delays, but big impact expected; strong WBG collaboration
	<i>Number of previously unbanked customers – 2 million</i>	<i>1.3 million</i>		
	<i>Number of women using electronic payment instruments – 751,500</i>	<i>291,051</i>		
	<i>Fiji Number of people with access to a transactional account – 50,000</i>	<i>0</i>		
	<i>Fiji Number of women with access to a transactional account – 25,000</i>	<i>0</i>		
	<i>Fiji Value of non-cash transactions – 71 billion</i>	<i>54 billion</i>		
	<i>Number of transactions supported via TDB Tonga Channel – 7,000</i>	<i>30,331</i>		
	<i>International Remittance Cost, in % (NZ Tonga) – 6</i>	<i>5 (lower is better)</i>		
	<i>Value of transactions (USD) via TDB Tonga Channel – 2.7 million</i>	<i>8 million</i>		
Pacific Remittances	Value of transactions using TDB Tonga Australia Channel (USD) – 600,000	None yet (expected after Tonga Australia corridor is launched in late 2020)	No, but building on PP-I foundation (NZ Tonga Channel).	part of broader Payment Systems; promising progress building on NZ Tonga success
	Number of transactions supported via Australia Tonga Channel – 2,000			
	International Remittance Cost, in % (NZ Australia) – 6			
PICs WINvest	Number of people directly benefiting from entities improved labor policies – 5,000	None yet (too early)	No, but building on PP-I foundation.	seeking to continue the success of Pacific WINvest
	Number of jobs supported (women) – 20			
Pacific Pensions	Expected impact: Additional funding for commercially viable infrastructure across the Pacific and improved financial strength of the Pacific pension and investment funds, and of the broader financial systems.	None yet (too early)	No	high relevance; forthcoming project on pensions
Pacific Comprehensive	Beneficiaries reached with financial services PNG: 462,999, SI: 8,723, Vanuatu: 18,444	None yet (too early)	No	high relevance

Credit Reporting	Value of Financing Facilitated (USD) to SMEs PNG: 282 million, SI: 17 million, Vanuatu: 7 million			
	Value of financing facilitated (USD) PNG: 1.4 billion, SI: 68 million, Vanuatu: 80 million			
ANZ Mobile Banking	<i>Number of previously unbanked customers</i> SI: 35,000, PNG: 92,340, Vanuatu: 10,000	SI: 48,331, PNG: 59,177, Vanuatu: 2,988	Yes, PP-I. Targets and results from PP-I but tracked under PP-II.	partly successful and partly unsuccessful project
	<i>Number of non-cash retail transactions</i> SI: 2,444,310, PNG: 4,156,526, Vanuatu: 306,000	SI: 3,557,344, PNG: 10,768,786, Vanuatu: 342,428		
	<i>Value of non-cash retail transactions</i> SI: 4,888,620, PNG: 8,313,052, Vanuatu: 784,000	SI: 30,657,640, PNG: 6,353,589, Vanuatu: 183,200		
	<i>Number of women receiving access to improved services</i> SI: 17,500, PNG: 36,936, Vanuatu: 3,800	SI: 33,952, PNG: 20,059, Vanuatu: 1,855		
Pacific Women in Business (Pacific WINvest)	<i>Number of entities reporting improved performance</i> – 3	4	Yes, PP-I. Targets and results from PP-I but tracked under PP-II.	very strong, successful project
	<i>Number of people benefiting from entities improved labor policies</i> – 55,000	58,677		

Table 5 - impact targets and results at project level

## The component projects collectively and PP-II

The Partnership is assessed based on the high-level review of the individual projects and on a review of the program as a whole.

*The Partnership has achieved significant results and is likely to achieve more*

The analysis of the individual projects suggests that PP-II has achieved some important results already, and has built a pipeline of significant, expected results. There have also been a number of significant delays and non-achievement of results. These temper the positive narrative. On the other hand, the combination of rigid reporting format and unusually challenging context within which PP-II operates is leading to an underreporting of impact. There are some additional questions regarding the results framework at the Partnership level that have not yet been resolved. These are discussed below.

There is a remarkable degree of agreement between all stakeholders, without exception, that the IFC teams have delivered important contributions, often as part of a bigger coalition. There is similarly consistent agreement among the various stakeholders that IFC's engagement in the region should be maintained or, if anything, intensified.

### *Eight evaluation questions*

The eight evaluation questions, which are specified in the Terms of Reference, are answered here qualitatively, before providing numerical scores along the five DAC criteria and elaborating on additional aspects.

1. *How relevant is the PP-II strategy and its activities to IFC, DFAT and MFAT priorities?*

The PP-II strategy is highly relevant to and well aligned with the priorities of IFC, DFAT and MFAT, as articulated in strategy documents and stakeholder interviews. While some questions arise regarding implementation, there is strong agreement about the strategy and its relevance.

2. *Is the portfolio positioned effectively to achieve the development goals?*

Assuming that this question asks about the achievement of the six aspirational Partnership goals, the answer is: partly yes, but not fully. The portfolio is well positioned to achieve some of the goals, but poorly positioned to achieve all of them. For the PP-II goals 1 (private sector investment) and 2 (direct or indirect investment) as well as 4 (access to finance), 5 (economic empowerment), and 6 (infrastructure), there are several projects contributing to their achievement. It should be noted that for several contributing projects, the impact targets are projected to be met only after the close of PP-II. Table 5 above provides an overview of the impact targets and the PP-II projects' progress towards them. There is currently no PP-II project contributing to goal 3 (private sector savings), as discussed further below, therefore PP-II will not achieve all of its aspirational goals. The achievement of the Partnership goals does not appear to be a primary driver for the formation and selection of projects. Indeed, it is the projects themselves which drive the numerical targets, not the other way around. Instead, country context, demand, and assessment of IFC value-added appear to be key drivers for project selection (NB: appropriately so). However, the goals remain and can only be achieved if projects are designed and implemented to meet them. For example, there is currently no project contributing to achievement of the 3<sup>rd</sup> goal, private sector cost savings.

3. *Are the Partnership goals likely to be achieved by the end of the program?*

As discussed above, some but not all goals are likely to be achieved by the end of the program. Since there are no fixed numerical targets for the Partnership goals, a more precise answer is tricky. Numerical targets and by implication the likelihood of achieving them are derived from projects as they exist now and might be approved between now and the end of the Partnership. Thus, the goals are a moving target and by definition the question cannot be answered conclusively. Since currently there is no project contributing to achievement of goal 3 (private sector savings), it is unlikely that results will be achieved toward this goal by the end of the program, even as not having a project contributing to goal 3 was a deliberate decision by the PP-II Steering Committee<sup>10</sup>. In addition, the question of likely progress towards PP-II goals in the future is impacted by the restrictions imposed by the Covid-19 pandemic. All of the PP-II projects were forced to pause, slow down, and/or reorganize implementation activities. While some of the activities can be shifted to virtual delivery or exchange (e.g. trainings), other activities have to be done on-site (e.g. delivery of and in-country training for payments system). Delays are inevitable. How long exactly these delays will last is difficult to say at this stage.

4. *Beyond the Partnership goals, what other outcomes and impacts have been achieved by the program so far?*

Additional specific, quantifiable outcomes and impacts, beyond those articulated in the project-level logframes, have not been identified. However, PP-II has achieved some significant results that lie beyond the typical definitions of quantifiable outcomes and impacts. The unsolicited and

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<sup>10</sup> A project focused on the cost of doing trade and improvements in trade logistics was proposed, related to the PACER Plus agreement. DFAT/MFAT requested that the proposed project be put on hold until the Implementation Unit is in place. Though the work targeted at PACER Plus was a key part of PP-II design, as indicated by Goal 3, the PP-II Steering Committee concurred to put the proposed project on hold.

independent feedback from several stakeholders suggests that efforts of the IFC team have a significant influence on the market and on the behavior of market participants; even when on paper IFC efforts towards an investment or advisory program remain unsuccessful. This aspect is discussed in greater detail below.

5. *To what extent has the Partnership achieved its gender equality and empowerment objective?*

The gender work has shown strong results in challenging circumstances (or starting from a very low baseline, in terms of gender equality and empowerment). It is too early for the current PICs WINvest project to show any measurable impacts. Strong results have been recorded through the preceding Pacific WINvest project, however, which was started under the first Partnership and is included in the list of 10 PP-II projects for tracking purposes. The gender work under PP-II builds not only on a track record of notable success, but also on new approaches developed under Pacific WINvest project that have been or are being shared with other regions and teams. There has been only a limited amount of gender mainstreaming, primarily due to the nature of the other projects that do not lend themselves to gender-specific work. E.g. on payments, remittances, energy. Gender has been integrated into the tourism project.

6. *How efficient and effective has the IFC been in progressing against its objectives and goals under the Partnership?*

The IFC has been partly effective in its progress, with moderate-to-strong efficiency. Towards certain objectives and goals progress has been effective. Progress towards goals 1 (private sector investment), 4 (access to finance), 5 (economic empowerment), and 6 (infrastructure) has been effective, with a more mixed story on goal 2 (direct or indirect investment). There has been good progress within individual projects funded under PP-II, such as tourism, and transformative impact, such as with Tina River. At the same time, there has been no effective progress towards one out of six Partnership goals (private sector savings). The assessment of efficiency is similarly mixed. Some but not all the time delays have their roots in the difficult regional context and tricky political economy (renewable energy). The absence of any disagreement among external stakeholders across the Pacific about the value of the IFC's continued engagement in general nor about the modality of this engagement (i.e. the Partnership itself and its regional aspects) is noteworthy, as is the unsolicited feedback received on two separate occasions remarking on the IFC team's efficient approach to the work. These elements contribute to the finding that moderate effectiveness and efficiency have been achieved.

*"I've been amazed at what the IFC team has been able to do with the available funding."*

*notable quote from international development partner*

7. *What, if any, adjustments are recommended to improve efficiency and effectiveness of the Partnership to ensure progress towards Partnership goals?*

A few key recommendations are further elaborated upon in the final section of this report. The question itself deserves closer examination, similarly discussed below, as it is not necessarily the case that ensuring progress towards the aspirational Partnership goals is the same thing as improving efficiency and effectiveness of the Partnership.

8. *What would be the costs and benefits of funding the IFC to deliver the Partnership beyond June 2022? If the Partnership were to be extended, what would be the key recommendations regarding strategy, governance, resourcing and timeframes?*

In short, the Partnership is a valuable program, especially in this current time of crisis, and this evaluation recommends that it be continued, whether through extension of the current PP-II or through establishment of a third Pacific Partnership. The benefits of continued engagement in the region that the Partnership generates seem to justify the costs borne by taxpayers in Australia and New Zealand. Without the Partnership, the IFC could not continue its work in the current form. As the feedback from stakeholders consistently indicates, the result of the IFC reducing its involvement in the absence of a continuation of the partnership, not least because an alternative to the IFC engagement at the same level does not really exist, would likely render the Pacific Island Countries – among the most vulnerable nations – worse off and their prospects more precarious. On balance, PP-II is a good investment. More detailed recommendations, including on funding levels and governance, are discussed below.

The following table shows the aspirational Partnership goals and the indicators, targets, and results as they have been reported in PP-II progress reports.

	Partnership goal & indicators	Targets	Results	Comment
1	<b>Mobilize new private sector investment through IFC interventions</b>			The bulk of this result comes from the Tina River project (210M). The rest from National Fisheries (10M; not part of the target) and from tourism (1M). No result yet from RE Generation (10M target; expected for post implementation phase).
	<i>Value of financing in USD by IFC and private sector</i>	111 million	220+ million	
2	<b>Source additional direct investment or co-investment in the Pacific private sector</b>			This result comes from the advisory services and subsequent loans to the National Fisheries Development Ltd.
	<i>Number of direct jobs in IFC investments</i>	No target	651	
	<i>Number of direct female jobs in IFC investments</i>	No target	357	
	<i>Value of IFC financing</i>	No target	5 million	
3	<b>Generate private sector cost savings through interventions to reduce the cost of doing trade and improvements in trade logistics</b>			There is currently no project that feeds into this goal.
	<i>Cost savings in USD/year</i>	No target	No result	
4	<b>Improve men and women's access to financial services</b>			From the Pacific Payments project, including Pacific Remittances.
	<i>Number of people receiving access to improved financial services</i>	737,393	306	
	<i>Number of people previously unbanked customers</i>	737,393	306	
	<i>Number of recommended laws and regulations / amendment codes enacted or government policies adopted</i>	13	0	
	<i>Number of financial channels launched</i>	12,225	311	
5.1	<b>Strengthen and promote economic empowerment</b>			From the Tourism project for the first four; from the Payments Systems project for the last one.
	<i>Total number of individuals who have been economically empowered</i>	508	413	
	<i>Number of jobs</i>	500	413	
	<i>Sales revenue in USD</i>	5 million	6.9 million	

	<i>Number of products released for sale</i>	5	22	
	<i>Number of payment service providers</i>	8	0	
5.2	<b>Strengthen and promote economic empowerment of women</b>			From Tourism projects and Pacific WINvest. The results of Pacific WINvest are only partly attributable to PP-II.
	Number of women who have been economically empowered (female jobs)	270	2,772	
	Number of entities that implemented recommended changes	11	63	
	Number of female employees reached through client advisory services	No target	2,766	
6	<b>Increase access to infrastructure</b>			Tina River Hydropower project is expected to deliver the results for this goal, once it becomes operational.
	Number of people with access to improved infrastructure	53,500	0	
	Number of successful bids conducted			

Table 6 - Partnership goals & indicators, with targets & results

#### *The mechanism for in- or exclusion of targets in PP-II reporting is opaque*

The connection between the reporting at project level and the reporting at Partnership level remains somewhat unclear. The project level reporting is summarized in Table 5, with the impact targets and results as they are stated in project reports. The Partnership level reporting is summarized in Table 6, with the aspirational Partnership goals, their indicators, targets, and results, as they are listed in the latest Partnership progress report. The aspirational goals for the Partnership are not meant to have fixed targets, but instead, as projects are approved, assume the project level impact targets once the projects are approved. Some, but not all of the project targets are included at the partnership level.

#### *High relevance (score: 5.5)*

The Partnership is highly relevant for the region. The identified priorities are the right ones and have stood the test of time. The priorities remain largely unchanged in the face of an economic crisis as severe and all-encompassing as the current one related to the Covid-19 pandemic. This represents a remarkable endorsement of the Partnership's relevance. Regarding implementation, some questions arise about the relevance or suitability of IFC's standards and risk appetite for this region specifically. This reservation warrants a half-point deduction in relevance score. The issue of standards, risk appetite, mitigating factors, as well as the question whether the structure of the partnership itself is best suited (relevant) for this work are discussed below.

#### *Moderately strong effectiveness (score: 4) and efficiency (score: 4.5)*

As indicated above, both effectiveness and efficiency have been mixed, marked by strong performance and achievement of results in most areas and setting the stage for significant results as soon as projects can resume their work, but also marked by an inability or unwillingness to make much headway in some others. Though they do not necessarily constitute a criticism of the work done by the IFC (e.g. failure to complete the risk share facility on renewable energy due to the sponsor's last minute withdrawal; or the absence of a project in support of private sector savings), the inability to achieve progress towards the stated goals, aspirational or otherwise, nevertheless

influences the assessment of the Partnership's effectiveness and efficiency. At least some of the slow progress must be put into the context of the Pacific region. Considering the region's inherent challenges, it would be naïve to think that such setbacks can be fully avoided through more careful planning and/or harder work. On the other hand, further elaboration up front would be helpful, especially in communication with donors, with additional detail and candor about anticipated barriers to progress. As discussed above (in- or exclusion of targets at Partnership level) and below under conclusions, the way in which results, progress, or lack thereof are articulated may be underselling the work's impact. The point of how delays are considered in this evaluation, in light of the exceptionally challenging environment, is expanded upon below. In short, the assessment of quality for a project or program takes into account whether any delays or missed objectives are due to exogenous factors and whether, in such cases, appropriate corrective action has been taken by the team.

*There is some evidence to suggest that impact and sustainability will be achieved (score: 4.5 on both)*

It is too early to assess impact and sustainability with a sufficient degree of confidence. Not only because of Covid-19, but also because for a Mid-Term review these criteria are difficult (and partly impossible, by definition) to pin down. Nevertheless, there is some evidence that points towards solid impact and sustainability in the future. For goals 1 (private sector investment), 4 (access to finance), and 6 (infrastructure) impact and sustainability appear at this point particularly strong, with good impact and sustainability probable for goal 2 (direct or indirect investment) and 5 (economic empowerment). Since not all of the PP-II goals have currently contributing projects, the scores are reduced and should, in any case, be considered quite preliminary; in light of the discussed disruption and uncertainties going forward. Impact and sustainability are partly dependent on long-term engagement, the sense from the relevant stakeholders and community that the support is ongoing and not subject to, from their perspective, arbitrary cut-off dates and project timelines. In other words, long-term support and engagement that is perceived to be ongoing rather than in discrete programs appears to create a positive feedback in terms of client attitude toward the work and therefore the anticipated impact or sustainability of its results. As the discussion below further elaborates, the structure of PP-II and its parallel partnerships support, with their allowance for overlap and ongoing engagement, strengthen the case for impact and sustainability of results.

#### *Governance arrangement works well*

The governance arrangement for PP-II does not afford the client governments a seat on the Steering Committee. This is an appropriate choice, in light of the multitude of counterparts and jurisdictions that PP-II is covering. Furthermore, PP-II is funded by DFAT and MFAT directly from Canberra and Wellington, respectively, unlike the two country-focused partnerships in PNG and Fiji, which are funded by the posts. In the latter case, a more direct link with the client government (and using the Steering Committee to deepen that relationship) makes sense. For PP-II, this element of client engagement and ownership seems to be left primarily to the technical teams themselves. Again, in light of the context, it appears to be the right tactical decision. A consequence of this governance arrangement, however, is that in any given country the collaboration between Australian and New Zealand posts and the technical teams is not automatic. It is worth keeping in mind going forward, that the deliberate reaching out to country posts by technical teams can contribute to the technical work itself as well as to improving donor relations.

In terms of the governance at the level of the Steering Committee, the evaluation identified a sense of frustration among PP-II partners. The design of PP-II puts an additional premium on the communication between the PP-II partners. Because measurement and thus reporting of results is less straightforward than it might be in other, less challenging contexts, and the criteria for project selection less rigidly prescribed at the Partnership level, the potential for misalignment of expectations and resulting frustration is bigger. While detailed recommendations specifically on the manner in which Steering Committee partners should communicate with each other are beyond the scope of the evaluation, the provided recommendations on the substance can address some of the substance fueling the misalignment. The Partnership's focus should, in any case, remain on keeping the quality of the support and the impact on the Pacific high. Capturing and communicating results is critical, but achieving results comes first. A principle to which all PP-II partners seem committed.

#### *Strong results from collaboration*

The IFC teams are generally collaborating well with external stakeholders and development partners. The most important results in PP-II projects have come when IFC has collaborated closely with internal and external stakeholders as well as development partners. Results have been weaker when such collaboration was a less prominent part of the work. There is room for emphasizing the collaborative approach even more, and reporting accordingly, especially considering the difficult context of the Pacific. Projects need more time and this almost necessarily means collaborating in a World Bank Group approach or also with external parties. Collaboration with other regional initiatives, such as the Pacific Financial Inclusion Program (PFIP) or the Pacific Horticulture and Agriculture Market Access (PHAMA Plus), could be emphasized even more. Where such collaboration is already happening, additional emphasis is warranted in reporting on the joint efforts or even on the attempts to collaborate.

#### *Transformative work on gender*

The achievements of the work on gender are generally strong, even as they take time and effort. Though it is too early for the PICs WINvest project to have produced any measurable impacts, and tourism is the only other ongoing project with a dedicated gender component, the achievements of the Pacific WINvest project have been substantial. Building on the work done in PNG, Fiji, Solomon Islands, the continuation of the progress already achieved there, as well as pushing this advisory work to the smaller economies will be challenging in a post-pandemic mode of recession and recovery, but no less important.

#### *Climate change is prominently addressed in two projects, one of which has a big success*

The Partnership addresses climate change through the Tina River project and the Pacific Renewable Energy project. While the former is a justifiably prominent success, there has been only mixed progress on renewable energy generation. Notwithstanding the inherent difficulties of making headway in the renewable energy sector due to the influx of donor money, it remains an area that is highly relevant. It looms justifiably large as a priority for the Pacific, not least since the Pacific Islands are particularly exposed to the consequences of climate change. As discussed further below, it might be an area for the Partnership to redouble its efforts and support the initiatives which the IFC team is exploring with other World Bank Group colleagues, to catalyze a paradigm shift in the region.



## 5. Conclusions

Here, the evaluation offers conclusions on four key areas: the performance of the PP-II generally, the issue of results measurement, IFC standards and risk appetite, and finally conclusions specific to the contributions the Partnership can make in a post-pandemic context.

### *The Partnership is a qualified success*

PP-II has achieved important and in some cases transformative impacts through its component projects. The pursued projects are relevant and are staffed with motivated, capable teams, whose contributions are valued across the region. Though there have been a few areas where the work has progressed slowly or has been unsuccessful, the Partnership overall has been a success.

### *The structure of the three partnerships works, though it makes evaluation less precise*

PP-II operates in the context of the other two, country-focused partnerships in PNG and Fiji and the original Pacific Partnership which preceded it. This collection of partnerships makes the evaluation of PP-II more difficult, since several of the projects span partnerships and therefore the projects' results cannot be attributed strictly to a single partnership. While the overlap between partnerships can complicate the evaluation somewhat, it is important to keep in mind that this complication is not a novel one. The challenge of partial attribution is always an issue in this kind of work. For example, it is clearly in the interest of donors that PP-II projects be carried out in collaboration with other development partners and other initiatives, whenever it makes sense. Such collaboration similarly complicates an evaluation, but – generally speaking – improves the quality of the work and its results. When assessing the impact of projects and of PP-II overall, the question to ask is not whether the results can be entirely attributed to a project or partnership, but instead whether the results would have been possible without the contribution made by the project or partnership. Yet, the critical point is how to articulate partial attribution in a manner that satisfies the requirements for budgeting and for securing funding for such work in the future. This point is expanded upon as part of the recommendations.

Operationally, the benefits of this setup are considerable. Greater client engagement for the two big economies, regional aspects preserved under PP-II, and learning or incubation opportunities across the partnerships; opportunities which are indeed being realized. These benefits outweigh the loss of precision in terms of the partnerships' evaluation. Based on these considerations, the evaluation concludes that this aspect of PP-II, with multi-country strategic interventions that include Fiji and PNG combined with the support for activities within the individual PICs, is an effective structure to deliver the work. In other words, the evaluation concludes that the absence of a tightly defined and prescriptive theory of change at the partnership level (i.e. with numerical targets for outputs, outcomes, and impacts at the partnership level) is an overall positive aspect of PP-II design. Though it makes ex ante prioritization/selection of projects as well as ex post evaluation (or mid-term evaluation, as is the case now) of the partnership more difficult, it is this very feature that allows a more flexible pursuit and achievement of meaningful results.

However, having many of the projects that are in the region's two largest economies covered under the two country-focused partnerships, means that the average difficulty of the projects covered by

“Everyone struggles outside Fiji and PNG.”

*notable quote from international development partner*

PP-II increases and therefore the likelihood of success within the set timeframe decreases. That is part of the dynamic within which PP-II operates.

### *Ongoing engagement vs. discrete partnerships*

One benefit of the Partnership as a whole should be emphasized separately. As the current Covid-crisis has shown, there is value in being a trusted partner for dialogue, for exploring options and immediate needs. The trust that the IFC enjoys from clients in the private and public sector is built over time. It is an achievement in itself. The trust will manifest itself precisely in times of crisis, but it cannot be readily measured or easily reported as a quantifiable result. Nevertheless, it is useful to note that the engagement itself is a consequence of all the partnerships. It builds a foundation for responding to crises like the current one that otherwise would not exist and cannot be replicated in the short term. Put differently, the way in which some of the projects span partnerships such that clients or stakeholders don't notice a difference between work done under the first partnership and under PP-II, arguably contributes to the sense of ongoing engagement and thus to the foundational trust. As part of the examination of the structure of the Partnership, the evaluation finds that the articulation of regional challenges, goals and approaches is valuable and recommends that these aspects be given additional emphasis. Precisely because there is a tension between the operational standards that the IFC applies across the globe and the realities of a region that is uniquely challenging, the Partnership offers a vehicle for articulating with greater nuance what success can and does look like. Thus, the evaluation concludes that the Partnership is a useful structure for funding and for the type of long-term, sophisticated technical assistance that the partnership seeks to support.

### How to count results

#### *Partnership goals without targets are appropriate*

Dropping the fixed target for the Partnership goals is an appropriate choice, as it provides greater flexibility to align the development and selection of projects to the country or regional context. The Partnership agreement indicates that projects are selected based on three drivers: *“(i) country development priorities and needs ... [including] regional initiatives ... (ii) demands under the three thematic priority platforms; and (iii) a quantitative assessment of development impact.”*

Note that the Partnership goals do not appear as primary drivers for project selection. They are termed “aspirational”, though there is no further explanation of what specifically is meant by that. A partnership that does not have fixed targets is more difficult to evaluate. However, the close and frequent consultations with DFAT and MFAT seem to provide a sufficiently robust oversight mechanism. The Partnership goals are primarily intended for communication and evaluation purposes. For both communication and evaluation, when fine-tuning the results framework and the use or style of aspirational goals in the future, additional input from the partners is important to determine how to maximize the value-added of the goals.

One concern about not having numerical targets at the Partnership level might be that their absence implies reduced pressure on teams to actively seek out, take on, and complete new projects. This does not seem to be the case. A review of the projects and feedback from stakeholders indicates that, at the Partnership level, teams are active in seeking out new work and continue to be active

even when suitable opportunities are few. At the same time, when it comes to setting demanding targets and being motivated to achieve them, there is significant pressure at the project level to push for more impact, at the design stage and during implementation. In some instances, the goals appear to obscure more than they illuminate the operational results. For example, the relationship between project-level targets and results and those that are reported at the Partnership level is unclear. Similarly, some aggregation of results is puzzling. The measure of “jobs supported”, typically one of the key indicators in private sector development work, is combined with “payment service providers” into an aggregated measure of “people who have been economically empowered”. The value-added of this aggregation is unclear.

### *Capturing indirect results*

Reporting at the Partnership level could be seen as an opportunity to not only summarize but also augment the reporting at project level, which has to follow the IFC standards. At the level of the Partnership the reporting could include a deliberate accounting of indirect results.

Where efforts did not (yet) result in outcomes or impacts, there have nevertheless been changes in the behavior of other actors noted by several stakeholders. These changes seem to come in two variants. First, the interest of the IFC in a firm or project spurs other market participants, especially local banks, to engage. This can lead to commercial financing being made available, well after the IFC team has left the scene without achieving “success”. In terms of results measurement, no direct investment by IFC is recorded and therefore no outcomes/impacts. The fact that IFC efforts have contributed indirectly to commercial financing being made available by third parties is a significant result, even if the causal link is indirect and not verifiable beyond anecdotal/circumstantial evidence. Second, the presence of the IFC teams in the market and in negotiations, with their (from the perspective of local counterparts) overly cumbersome, stringent processes and standards that have to be followed, exposes other market participants to international standards and processes. The exposure itself means capacity is being built, even if the IFC effort does not result in an investment or otherwise in a measurable outcome/impact. Both of these ‘softer’ impacts should be expected to be more pronounced in smaller and more remote economies, where otherwise first-class expertise and processes are not readily found.

There are several instances, for example in Vanuatu and Samoa, where IFC interest and initiation of discussions with a potential client for financing of expansions resulted in financing being made available by third parties. On paper, the IFC is not involved in these transactions and these figures are not reported as part of the Partnership. Nevertheless, it is the type of result that is fully in line with PP-II priorities. Not capturing these, means missing a significant part of the story.

### *Assessing results at the country level*

Related to the issue of capturing indirect results, is the question whether reporting and assessment of results would be best focused at the country level. For example, would the DAC criteria of relevance, effectiveness, and efficiency be more meaningful when applied to a country-by-country analysis rather than at the Partnership level? And would such an approach allow for a more in-depth discussion in terms of how each project’s impact measures (what is counted) relate to the actual impact (what matters), taking a closer look at impact pathways and how the final beneficiaries are affected by them? These are questions that are worth revisiting periodically. At this stage, the

evaluation finds that the PP-II projects have quite different approaches to the assessment and even interpretation of their results. That is appropriate and allows for a better nuancing of the assessment of impact overall. Therefore, no change in this respect is needed. For example, the work on the financial sector (payments, pensions, remittances) has a strong regional element and pursues results that rely on pathways identified elsewhere or would need an in-depth, rigorous analysis to re-establish for the Pacific. By contrast, the work on tourism is far more specific to country contexts and specific to beneficiaries, in a way that makes assessing how they are affected by the project straightforward.

### *How to account for delays*

In several PP-II projects there were significant delays in achieving results and/or meeting milestones. How has the evaluation taken such delays into account? If delays are due to exogenous factors, not due to mistakes made by the team, and if appropriate corrective action has been taken, then a project – or indeed a partnership – might still be assessed as being ‘high quality’, even with the delay. However, the unavoidable follow-on question asks whether delays (or the drivers for potential delays) should have been anticipated by the team at the design stage or during early implementation. Whenever there is evidence of poor anticipation and unrealistic timelines in project planning and implementation, that would reduce the assessed quality of a project or set of projects. This evaluation has not found such evidence among PP-II projects and has therefore not reduced the assessed quality of the projects.

A more subtle point is the tendency of these types of projects to have optimistic timelines, even when a set of serious risks has been identified. Consequently, especially in difficult contexts projects are often delayed, but hardly ever ahead of schedule. This tendency to plan with optimism and accept the potential for delays is not unique to the Pacific or to the IFC, and thus is not factored into the assessment. However, as discussed earlier, the communication between PP-II partners on projects, their results, any delays, or overly optimistic timelines at design stage has been the cause of some frustration. In line with the conclusions regarding results measurement, clarifying expectations up front is critical also for communication.

### *External views of IFC standards and risk tolerance*

Among external stakeholders there is remarkable agreement that (i) the IFC provides important value-added to the region, also when operating within a larger group; (ii) the contributions are driven by motivated, committed, and highly capable teams; and (iii) more support from IFC teams would be welcome. Stakeholders are similarly in broad agreement that the type of work the IFC does, the type of assistance it provides, cannot be done by other development organizations. There are other development organizations doing important and much appreciated work, of course, but stakeholders repeatedly indicated that none of the others bring to the table the combination of technical know-how, global perspective, convening power, and the reputation as an honest broker. At the same time, however, there is also a recurring question among stakeholders, concerning the standards and risk tolerance of the IFC, within which the teams must operate. These comments relate primarily to investment services, but similar feedback was received with regard to advisory. The question the respondents ask is whether the seemingly unchangeable global standards are well suited for the region.

For PP-II, there are two mitigating factors to note. First, there has been significant investment and institutional commitment to IDA countries generally and the Pacific specifically, with corresponding staff increase to cover the Pacific. For an institution like the IFC, changes happen slowly but steadily. Over the coming months and years, sustained shifts in the way in which the IFC operates in the Pacific should be expected. Results will follow. How and whether standards and risk appetite will shift as part of these changes, will have to be seen over time. But essentially, the solution to this issue has already been initiated.

A second mitigating factor to the question of suitability for IFC approaches in the Pacific region is the above-mentioned need to capture and report on indirect impact. While at the project level indirect results can be and are captured in IFC M&E systems, the focus is on quantifiable results. Paying more attention and capturing more subtle and indirect impact at the project level would be helpful. Building on such enriched results at the project level, the reporting of results can then also be strengthened at the partnership level. Doing so will enable the team to show and articulate better what the range of results looks like, even when operating under the current levels of globally applied standards and risk tolerance.

## Additional considerations for a post-Covid-19 world

### *Disrupted implementation hasn't altered the outlook*

The impact of the pandemic on the Pacific region is pervasive. However, it is not a health crisis, but an economic one. So, keeping priorities largely the same is sensible and a testament to the strategy chosen so far. For most stakeholders the most urgent point on the agenda is to resume and accelerate the implementation of the projects. They agree that the pre-Covid-19 priorities are by and large the right ones for the post-Covid-19 context, confirming that despite the noted setbacks and challenges, the PP-II goals and portfolio of projects are well chosen.

The evaluation has assessed PP-II and its projects in terms of their pre-Covid performance, taking the developments of recent months into consideration where useful. Looking forward, recommendations are geared to PP-II generally, but also to adjustments to the partnership and its projects in a post-Covid context specifically.

### *Two areas are mentioned as particularly urgent for fresh ideas*

SME finance and renewable energy are two areas where particular attention is warranted going forward. They are the two areas most frequently mentioned across sectors as having become a higher priority in the post-Covid context. Both SME finance and renewable energy have been already part of PP-II, with somewhat mixed success.

On SME finance, discussions with local banks, for example on risk sharing facilities have been ongoing. Efforts to build on some of the successes under the first Partnership have not yet come to fruition, though the current economic contraction may be changing this, as banks are more interested in risk sharing and in the technical support which can be provided in preparation, specifically through PP-II. There is cause for optimism that putting in place risk sharing facilities, for example aimed at SMEs in agriculture, could be accomplished much faster now than was the case previously. There is some reason to be hopeful that the severity of the crisis makes the search for and implementation of useful solutions to mitigate economic hardships significantly freer from

interference and resistance based on political economy and organizational considerations. On renewable energy, this time and this region appears most suitable for a redoubling of efforts by the Partnership. With significant parts of the economies having ground to a halt, in a region that is uniquely vulnerable to the impacts of climate change, renewable energy generation has utmost relevance and public interest. The private interest is considerable also, as the respondents have confirmed. The success of the Tina River project and the lessons from the still ongoing project should provide a foundation to build on. A number of conversations are ongoing, as is of course the RE Generation project itself. Even so, a possibly increased engagement of the IFC, especially in collaboration with the World Bank and other development partners, and the continued efforts to bring in the private sector (in a sustainable fashion) would be fitting.

#### *Worth considering fresh ideas – though the crisis is still unfolding*

It has been noted by several stakeholders, including different IFC teams, that the current crisis may make certain options politically feasible now that otherwise have remained beyond discussion. The hope in these remarks was that the crisis might be an opportunity to do things faster and better because previous resistance to disruptive ideas has given way to the urgency of the moment. It is unclear, where these big ideas might be found, but it is appropriate for the Partnership to consider where and how an exploration would make sense, beyond renewable energy and SME finance already mentioned. At the same time, it is worth keeping in mind that Covid-19 is a global phenomenon and there are a great number of ongoing conversations among development partners, including the IFC, regarding appropriate responses across the globe. For some of the challenges facing the Pacific, they may be shared with countries and regions elsewhere. Common solutions – whether based on big new ideas or incremental changes – might be appropriate. For challenges that are unique to the Pacific, on the other hand, the Partnership might be able to contribute fresh thinking.

Some caution is warranted, given that the crisis is still very much unfolding. In tourism, for example, the emergence of travel bubbles is an exciting prospect. They are innovative and new, with regional partners requiring support; the kind that IFC would be well placed to contribute to. Elements like health & safety in hotels (certifications), PPP solutions for health screenings. But when and how these possibilities will become realities is unknown. Similarly, PPP transactions might be a means to free up some fiscal space in the medium term, but – here also – it is too early to assess with any confidence how markets and their future prospects will develop over the coming months.

## 6. Recommendations and lessons learned

A number of recommendations arise from the evaluation. The key recommendations that are somewhat independent of the current crisis are followed by a set of additional recommendations specific to the post-Covid context.

### Key recommendations

#### *Continue PP-II and current structure of partnerships*

As discussed in the preceding sections, the evaluation concludes that PP-II overall has been highly relevant, reasonably effective and efficient, with currently promising progress towards overall

impact and sustainability. The evaluation recommends that the Partnership be continued along its current design and structure. This recommendation is based on the assessment that PP-II has been fairly successful, along the DAC criteria, and on the assessment that the design of PP-II has been advantageous for achieving results and key outcomes in an exceedingly difficult context. Though, as mentioned earlier, the evaluation at the Partnership level is made more challenging by the fact that there are no pre-defined numerical targets and the Theory of Change is not narrowly defined, the ability to evaluate the Partnership remains, as this Report shows. The recommendation to maintain the current structure rests on the finding that the achievement of results and therefore the value-for-money proposition in terms of impact per taxpayer expenditure is enhanced with a structure such as the current one, allowing for more flexible design and selection of projects, adaptable to the situation on the ground. Thus, future iterations of the Pacific Partnership should follow the same model. PP-II is organized along a set of priorities which have been confirmed to be the right ones. The parallel partnerships are appropriate to facilitate operational flexibility and innovation, even if they make evaluations less precise.

The aspirational Partnership goals should be maintained for the duration of PP-II, though not having numerical targets for the goals is appropriate. However, in future iterations of the Partnership the role and the "aspirational" aspect of the goals and what "aspirational" means precisely in terms of M&E should be clarified.

Clarifying this aspect and the meaning of the word "aspirational" will help with future reporting and communication, the key aspects of having the partnership-level goals in the first place.

Similar to the conclusions and resulting recommendations regarding overall design/strategy and governance, the evaluation finds the funding level and timeframe for PP-II appropriate. The funding level allows for a critical mass of specialists to be based in the region, close to the clients. This availability of regional and global experts and the presence of a sizable team in the region has been explicitly noted by several key stakeholders. Therefore, the evaluation recommends maintaining current funding levels at least until the end of PP-II. In light of the Covid-related economic contraction across the Pacific and the increased urgency to support PICs along the areas that PP-II is prioritizing, the extension of the Partnership beyond its current end date, at least at the current funding levels, should be considered. However, a big caveat to any recommendations that extend beyond the end of PP-II in June 2022 is that the level of uncertainty is very high for how the global, regional, and national economies will fare in the coming months.

#### *Considering alternative recommendations*

It may be worth considering alternatives, in order to have a check of the above recommendations' robustness. The evaluation has identified a number of areas where capturing and communicating results is made more challenging due to the Partnership's design. Why not recommend tightening the logframe and (re)introducing numerical targets at the Partnership level? Along the same lines, why not recommend having firm start and end dates for the Partnership, without any overlap to preceding, subsequent or geographically overlapping Partnerships? Doing so would undoubtedly make future evaluations and ongoing monitoring of PP-II and its projects easier. Thankfully, it has been already established that the quality of the work and the results that could be expected from such a tightly prescriptive mechanism would be much reduced. In other words, taxpayer funds would be wasted. This reduction in the quality of the work and in the results that could be expected is the reason why these 'alternative' recommendations would be a terrible idea. Indeed, the first Pacific Partnership, as well as the Fiji Partnership have had numerical targets at the Partnership level and attempts at a more prescriptive logframe. In both cases, program evaluations concluded that

the numerical targets should be dropped in order to enhance the quality of the work. For PP-II, with its focus on the smallest economies, the case is even stronger than it was for the other Partnerships, for an adaptable structure and for asking the operational teams to propose projects that are most likely to yield meaningful results. As discussed earlier, the Steering Committee and its guidelines for project selection offer a suitable mechanism to shape the Partnership's portfolio. Therefore, notwithstanding the challenges that PP-II design invariably entails, the alternative recommendations are unequivocally rejected, and the evaluation reaffirms that the structure is appropriate for ensuring best results for the taxpayer funds spent.

#### *Clarify aggregation of indicators*

Going forward, the criteria for aggregation and reporting of impact indicators should be clarified. It is important to make it obvious which of the project indicators are reported at the Partnership level and why.

One key indicator is "jobs supported". It should be reported separately in the future, as it is one of the key concepts of Private Sector Development work. The aggregation into "economic empowerment" is not effective.

#### *Augment results framework*

The results framework should be augmented to capture indirect results, both at the project level and then at an aggregated level for reporting on progress at the partnership level. A broader exchange among the PP-II partners would be helpful to discuss expectations and what is meant by results. Specifically, the relationship between measurable results, along the lines that are set by IFC M&E standards, and qualitative or less easily attributable results, which currently are underreported. More effort is warranted among partners to articulate what type of impacts are expected, especially any qualitative impacts. The Partnership should seek to articulate, in a way that it hasn't yet, what time of indirect or partial and qualitative results are favored and would be noted, even in the absence of quantifiable results.

The inclusion of qualitative results must be carefully framed, since the Partnership cannot be seen to be playing by a different set of rules. Ideally, the inclusion of qualitative results would be part of the publicly available reporting. But if needed, such augmented reporting to partners could be designated Deliberative Information and kept out of public reporting entirely.

#### *On gender work*

Gender has been a priority for the Partnership. The findings discussed above show strong results or progress for the gender projects and for the gender-related work within the tourism project. Due to the nature of the other PP-II projects, however, there are no additional projects with a gender dimension. Considering that the evaluation finds PP-II projects collectively highly relevant, corrective action is not recommended/needed in the short term. However, the question of how the role of gender work may be strengthened within the PP-II portfolio, insofar as this remains the priority of the donors, should be considered by the Steering Committee. In particular, the findings of the gender team's assessment of the impact of the current crisis may suggest emerging areas of need or possibility for positive impact.

#### *Communication among PP-II partners*

The communication among PP-II partners is critical. There is an opportunity to better align expectations and, as a result, improve governance within the PP-II structure. This evaluation has



found that most of the misalignment is not around different priorities or values, but instead around the way that the ongoing work is captured and communicated. The evaluation is recommending, alongside the general recommendation of maintaining PP-II design as it has been, a number of changes in terms of capturing results. These recommendations directly influence or are a part of communication and should yield corresponding improvements. Other steps, for example how and when operational teams communicate updates might be considered, but these lie outside the scope of this evaluation.

## For post-Covid specifically

### *Resume implementation*

Implementation of projects, where it has been slowed down or even halted, should resume as soon as possible. The global pandemic has disrupted some of the implementation of PP-II projects. The resumption of their implementation is now all the more important, as the region is likely to be sliding into a severe recession. Generally speaking, the key priorities remain valid, though they may apply in somewhat altered ways. From the perspective of the Partnership, there are no obvious areas that should be dropped. There are also no new areas that can already be identified in detail for inclusion. This might have been the case for example, if the pandemic had become a public health crisis in the Pacific, as it has elsewhere. However, even if new areas have not yet been specified (or don't present themselves as obvious candidates for inclusion in PP-II), this crisis should be very much considered not only an invitation but indeed an obligation to explore big ideas and to remain open to fresh approaches. This is true generally, but especially in tourism.

Innovative adaptation may be needed for continued implementation, if travel continues to be restricted. Discussions are ongoing how in-country expertise can be delivered. Creative solutions, incl. web-based and collaboration with local resources, are called for.

### *Particular focus on two key areas*

In addition, to resumption of implementation, additional efforts might be warranted on SME finance and renewable energy. The Partnership should explore whether there are additional ways in which results might be pursued in these two areas specifically. Some of these discussions are already ongoing. Innovative financing solutions in both areas are called for. The public interest, not just for the countries in question, but for the whole region and beyond, is high, justifying additional costs and potentially concessional financing.

While the options for SME financing have to be left to the relevant specialists and teams to develop and articulate, this is an area where close communication and frequent updates of PP-II partners could be particularly helpful. The urgency but also the technical and political complexity of such work warrants particular consideration for maintaining the partners' buy-in and support.

“There has to be more than one solution.”

*notable quote by regional development expert*

### *Explore big ideas*

As mentioned above, the Partnership should be open to the possibility for exploring big ideas to fit the context of a post-pandemic Pacific region. The current moment is a dramatic inflection point across the globe and certainly across the Pacific. Even as it's very early days and discussions on how to respond are very much ongoing across the globe, it would be good for the Partnership to be open to exploring disruptive approaches that are suitable for the private sector in the Pacific. What is possible, once the halted economies are ready and permitted to restart? Bold thinking is called for; fresh ideas that fit the Pacific. Exploring such disruption could include areas of work that the Partnership already covers, for example on renewable energy and SME finance. Beyond these two topics, disruptive ideas could be explored as part of short-term analytical pieces on what the options for restarting economies might look like sector by sector. Aside from the innovation, in the response to Covid-19, this all stakeholders agree on, speed is key.

## Appendix 1 – Original Terms of Reference

For reference, the original TOR are included here verbatim. It should be noted that the timeline stated in the TOR, as well as the Level of Effort (LOE) for the evaluation was subsequently revised. The revised timeline, as per the inception report, suggested the following milestones with anticipated and preliminarily agreed cumulative LOE provided in parentheses.

- May 6, start date of contract
- May 17, submission of inception report (6)
- May 25 to June 5, interviews and additional reviews, as needed (16)
- June 15, submission of draft evaluation report (21)
- June 18, receipt of comments to draft evaluation report
- June 24, presentation of results to PP-II Steering Committee
- June 29, submission of final evaluation report (25)
- June 30, end date of STC contract

### Terms of Reference – Short Term Consultant Australia, New Zealand, IFC Pacific Partnership-II Mid-Term Evaluation

#### A. PROJECT BACKGROUND AND OBJECTIVES

The overall objective of the Pacific Partnership-II (PP-II) mid-term evaluation is to systematically assess the overall performance of the Partnership and how well the Partnership programs are operating and making progress towards expected outcomes and impacts. The evaluation will also provide recommendations for refining PP-II activities in the future.

The second Pacific Partnership was signed with Australia (the Department of Foreign Affairs and Trade, DFAT) for A\$20 million in January 2017 (for implementation of activities from 1 July 2017 to 30 June 2022), and with New Zealand (the Ministry of Foreign Affairs and Trade, MFAT) in May 2017 for US\$3 million (for implementation of activities from 1 July 2017 to 30 June 2020).

The five-year Partnership aims to deliver interventions across the following three strategic priority areas, with gender considerations mainstreamed across all key Partnership activities.

- (i) Accelerating access to infrastructure
  - Restructuring government ownership models (partial and full privatizations); mobilizing new strategic investors
  - Delivering high quality outcomes – public private partnership (PPP) transaction advisory; project funding
  - Addressing the energy gap and broadband connectivity by convening key players; partners and financing IPPs and ICT
- (ii) Leveraging existing business
  - Investment – directly and indirectly – primarily in manufacturing, agribusiness and services; exploring SME linkages; and through risk-sharing with partner banks
  - Facilitating risk capital financing, moving beyond private equity and provident funds and building capital markets

- Strengthening supply chain interventions to aggregators; improving commodity handling; and simplifying trade logistics
- (iii) Enabling market opportunities
  - Closing the gap – access to and reducing costs of payment systems; mobile banking; remittances; ICT
  - Intervening at the sector or thematic levels – gender, tourism
  - Lowering the cost and complexity of doing business – investment policy, trade facilitation, systems simplification

The Partnership supports:

- (i) demand-driven, country-specific interventions in Kiribati, Samoa, Solomon Islands, Tonga, Vanuatu; Tuvalu (which officially joined IFC in April 2019); as well as Palau, Federated States of Micronesia and Republic of the Marshall Islands on a case by case basis; and
- (ii) multi-country strategic interventions, in line with the strategic aspirations of the Partnership to include Fiji and Papua New Guinea.

The Partnership aspires to contribute to the following six high-level goals.

1. Mobilize new private sector investment through IFC interventions
2. Source additional direct investment or co-investment in the Pacific private sector, including
  - a. no. of direct employment in IFC investments
  - b. no. of direct female employment in IFC investments
3. Generate private sector cost savings through interventions to reduce the cost of doing trade and improvements in trade logistics
4. Improve men and women's access to financial services
5. (a) Strengthen and promote economic empowerment  
(b) Strengthen and promote women's economic empowerment
6. Increase access to infrastructure

The Partnership is guided by a Steering Committee (SC) composed of representatives of Australia-DFAT (Canberra); New Zealand-MFAT (Wellington) and IFC. The SC meets every six months to discuss the Partnership's strategic directions, review progress against work plans, and discuss and endorse new projects. As of June 2019, the PP-II SC has approved seven projects including renewable energy generation; tourism; financial sector development; renewable energy IPP; and women's economic empowerment.

The objectives of the mid-term PP-II evaluation are: to inform decisions on current and future funding levels of the Partnership and whether adjustments are recommended to improve the efficiency and effectiveness of the Partnership in delivering its strategic priorities and high-level goals. The evaluation will also identify key challenges and opportunities relevant in implementation of the Partnership and provide recommendations to enhance the success of PP-II activities.

The key evaluation questions are:

- How relevant is the PP-II strategy and its activities to IFC, DFAT and MFAT current priorities?
- Is the portfolio positioned effectively to achieve the development goals?
- Are the Partnership goals likely to be achieved by the end of the program?
- Beyond the Partnership goals, what other outcomes and impacts have been achieved by the program so far?
- To what extent has the Partnership achieved its gender equality and empowerment objective?

- How efficient and effective has the IFC been in progressing against its objectives and goals under the Partnership?
- What, if any, adjustments are recommended to improve efficiency and effectiveness of the Partnership to ensure progress towards Partnership goals?
- What would be the costs and benefits of funding the IFC to deliver the Partnership beyond June 2022? If the Partnership were to be extended, what would be the key recommendations regarding strategy, governance, resourcing and timeframes?

The program will be assessed according to the OECD/DAC<sup>11</sup> criteria of relevance, effectiveness, impact, efficiency, and sustainability.

### Scope of Work

The mid-term review will include activities undertaken by IFC from July 2017 to December 2019. In addition, and as agreed with DFAT/MFAT, six projects were rolled over from the first Pacific Partnership to PP-II as of 1 July 2017 (covering financial sector development; fisheries; and women's economic empowerment), and which are being tracked and reported until project close.

The review will evaluate the overall performance of the Partnership, including where relevant, gender equality results, i.e. reduced gaps between men and women in access to and control over the resources and benefits of private sector development. For the performance evaluation of the Partnership, the Consultant will have access to program documentation; individual project Implementation Plans, Project Supervision Reports (PSR) and Project Completion Reports (PCR).

The methodology for the evaluation should be theory-based. While the target goals of the Partnership are already well-defined, the evaluation should also assess the outcomes and change of behavior that might be implicit and not captured in the Partnership goals. The path or log frame from inputs to outputs to outcomes to impacts should be developed if needed, and to be assessed for the Partnership as a whole and evaluated from the perspective of the broader World Bank Group engagement. Underpinning the assessment of effectiveness and impact is the process tracing method. Process tracing identifies the chain of causal mechanisms that would engender the observed outcomes and impacts and contrasts the expected effects of the IFC intervention against alternative plausible explanations through a process of elimination. Appropriate benchmarks and counterfactuals should be used and clearly outlined in the analysis.

The main method of investigation will be a desk review supplemented by in-depths interviews with selected IFC and World Bank staff, development partners, project counterparts and other stakeholders. The Consultant/Evaluator will undertake in-country consultations with stakeholders in Sydney, Solomon Islands, Vanuatu, and Samoa; with stakeholder consultations in other locations to be undertaken via other channels (i.e. Webex/phone).

The assignment is expected to take up to 40 days and to be completed according to the timeframe below.

The evaluation will address the following evaluation questions:

### Relevance

- To what extent are the projects undertaken under the Partnership relevant to and aligned with the priorities, policies/strategies of IFC, the World Bank, Australia and New Zealand?

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<sup>11</sup> The Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) is a forum to discuss issues surrounding aid, development and poverty reduction in developing countries.

- To what extent are the projects undertaken under the program relevant to the country context, client needs, (now and at the time the program was developed) and the needs of the private sector? To what extent has the program fostered client buy-in and contributions?
- To what extent and how has the Partnership succeeded in introducing gender analysis in new project design?
- To what extent is the program strategy appropriate to the resources available?
- What is the criteria that led to the adoption of projects for implementation? Have potential synergies between projects in the program been optimized.
- With regard to gender-flagged projects funded under the Pacific Partnership:
- To what extent are the projects that are specified as having a gender flag undertaken under the Partnership relevant to and aligned with the World Bank Group Gender Strategy FY16-FY23; IFC's Gender Strategy Implementation Plans FY16-19 and FY20-FY23; DFAT's/MFAT's gender strategies; and (where applicable) individual firms' business needs?
- To what extent were the gender flags (after their adoption) and action plans for Advisory and Investment projects supported under the Partnership appropriate to the context of gender equality and empowerment in the Pacific and the resources available?

#### Effectiveness <sup>12</sup>

- To what extent have the activities undertaken had a direct line of sight to achieving the high-level goals of the Partnership in a timely manner? What adjustments, if any, are recommended to refine monitoring, evaluation and learning frameworks?
- How effective is PP-II in leveraging IFC resources and experiences across the Pacific (e.g. bilateral partnerships with Papua New Guinea and Fiji) and globally?
- To what extent have intended outcomes been achieved? To what extent have projects under the program been effective in achieving their objectives and outcomes?
- To what extent has IFC contributed to changes in the behavior/performance of IFC clients and beneficiaries? To what extent do these changes align with IFC's recommendations? What are the reasons for divergence?
- What unintended outcomes (positive and negative) have occurred?

With regard to gender-flagged projects funded under the Pacific Partnership:

- What were the intended gender equality and empowerment outcomes of the Partnership on IFC clients? To what extent have intended outcomes been achieved?
- What unintended outcomes (positive and negative) for women and girls have occurred?
- To what extent have IFC deliverables contributed to changes in the behavior/performance of IFC clients towards gender equality and empowerment? To what extent do these changes align with IFC's recommendations? What are the reasons for divergence?

#### Efficiency

- To what extent is the program being efficiently implemented and managed to ensure progress towards its objectives and high-level goals is met in a timely manner? What was the quality of the outputs?
- To what extent are program resources, staffing and capacities appropriate to manage the program effectively?
- To what extent has risk been well managed?

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<sup>12</sup> As this is a mid-term review, outcomes and objectives for most, if not all projects, would not be expected to be achieved at this point. This evaluation will therefore be more on progress being made on the Partnership portfolio and likelihood of achieving outcomes/impacts.

- To what extent are the governance structures for PP-II appropriate?
- To what extent does PP-II deliver value for money?

With regard to gender-flagged projects funded under the Pacific Partnership:

- To what extent and how has the Partnership ensured project activities and outputs are gender-responsive through adequate procedures and approaches, processes, capacity building initiatives as well as adequate resources?
- To what extent has IFC developed its internal capabilities to close gender gaps as targeted by the project? How is the program using and adapting sector-relevant global knowledge on gender equality in the private sector and sharing lessons learnt with other programs?

#### Impact

- To what extent is PP-II on track to deliver impact in each of the participating countries?
- What difference (tangible benefits) is the program bringing to local beneficiaries/communities? How can this be sustained or improved?
- How well does the monitoring and evaluation framework measure the impact of PP-II activities at the beneficiary level?

#### Sustainability

- To what extent are program results/benefits likely to be resilient to identified risks, and sustained?
- To what extent has the program established/enhanced capacity, processes and systems that are likely to be sustained?
- To what extent has the program empowered local partners to deliver and how has the delivery approach and the operational incentives impacted on sustainability?
- To what extent has the program promoted environmental and social standards as per the IFC Performance Standards?

With regard to gender-flagged projects funded under the Pacific Partnership:

- To what extent is IFC contributing to demonstrating and improving the business case for gender equality and women's empowerment?
- To what extent are program gender equality and women's empowerment results/benefits likely to be resilient to risk, and sustained? What are the key assumptions made in relation to the continuation of program effects?
- To what extent has the program empowered local partners to be gender-responsive and how has the delivery approach and the operational incentives impacted on sustainability of changes gender dynamics?

## B. DELIVERABLES/SPECIFIC OUTPUTS EXPECTED FROM CONSULTANT

- An Inception Report, covering the evaluation objectives, theory of change, proposed evaluation methodology, evaluation matrix, fieldwork plan (including proposed list of interviews) to be provided within 10 work days of the signature of the contract.
- A draft Evaluation Report (of no more than 20 pages-excluding annexes) should be shared with IFC by May 15, 2020. The Evaluation Report will include an executive summary, the evaluation objectives, the theory of change, the methodology, the findings for each of the evaluation criterion, conclusions, recommendations and lessons learnt. Annexes should include the TOR, an evaluation matrix, and a list of interviews and sources of evidence.
- A presentation of the draft results of the evaluation to be made to DFAT, MFAT, IFC - date/location/channel (face-to-face; Webex etc.) to be agreed.
- Final report to be submitted by May 29, 2020.

All deliverables must meet the OECD-DAC Quality Standards for Development Evaluation.

## C. SPECIFIC INPUTS TO BE PRESENTED BY IFC

- World Bank Group Regional Pacific Islands Systematic Country Diagnostic (SCD) report; and accompanying PIC-9 Regional Partnership Framework FY17-21
- World Bank Group Solomon Islands SCD and accompanying Country Partnership Framework (CPF) spanning FY18-23.
- World Bank Group Papua New Guinea SCD and accompanying CPF spanning FY19-23.
- World Bank Group Fiji SCD (CPF currently being prepared).
- World Bank Group Gender Strategy FY16-FY23
- IFC's Gender Strategy Implementation Plans FY16-19 and FY20-FY23
- PP-II legal documentation
- Pacific Partnership Progress Reports / Annual Reports
- Project documents (Implementation Plans, PSRs, PCRs, and supporting evidence upon request)
- PSR and PCR Rating Guidelines
- Introduction to IFC clients and interview scheduling. IFC will complete a proposed schedule for field mission interviews. The schedule will include interviews with IFC project task team leaders; development partners at post and head offices; clients; and other key stakeholders.

## D. SPECIAL TERMS & CONDITIONS / SPECIFIC CRITERIA

The Evaluator shall meet the following criteria:

- Documented experience with evaluation methods and techniques for the evaluation of private sector operations. Proven competency in gender analysis a plus.
- Understanding of IFC products, services and advisory operations, as well as experience assessing similar World Bank Group programs, an added advantage.
- Familiarity with the context of small island states, particularly in the Pacific Islands, preferred.



## Appendix 2 – Evaluation matrix and interview questionnaire

Based on the questions suggested in the Terms of Reference, an initial evaluation matrix was put together. This matrix provided a basis for the discussions as well as the basis for the review of project and Partnership documents, along with questions related to the Covid-19 pandemic which were included later on.

### *Evaluation matrix*

Question
<b>Relevance</b>
To what extent are the projects undertaken under the Partnership relevant to and aligned with the priorities, policies/strategies of IFC, the World Bank, Australia and New Zealand?
To what extent are the projects undertaken under the program relevant to the country context, client needs, (now and at the time the program was developed) and the needs of the private sector? To what extent has the program fostered client buy-in and contributions?
To what extent is the program strategy appropriate to the resources available?
What are the criteria that led to the adoption of projects for implementation? Have potential synergies between projects in the program been optimized?
To what extent and how has the Partnership succeeded in introducing gender analysis in new project design?
To what extent are the projects that are specified as having a gender flag undertaken under the Partnership relevant to and aligned with the World Bank Group Gender Strategy FY16-FY23; IFC's Gender Strategy Implementation Plans FY16-19 and FY20-FY23; DFAT's/MFAT's gender strategies; and (where applicable) individual firms' business needs?
To what extent were the gender flags (after their adoption) and action plans for Advisory and Investment projects supported under the Partnership appropriate to the context of gender equality and empowerment in the Pacific and the resources available?
<b>Effectiveness</b>
To what extent have the activities undertaken had a direct line of sight to achieving the high-level goals of the Partnership in a timely manner? What adjustments, if any, are recommended to refine monitoring, evaluation and learning frameworks?
How effective is PP-II in leveraging IFC resources and experiences across the Pacific (e.g. bilateral partnerships with Papua New Guinea and Fiji) and globally?
To what extent have intended outcomes been achieved? To what extent have projects under the program been effective in achieving their objectives and outcomes?
To what extent has IFC contributed to changes in the behavior/performance of IFC clients and beneficiaries? To what extent do these changes align with IFC's recommendations? What are the reasons for divergence?

What unintended outcomes (positive and negative) have occurred?
What were the intended gender equality and empowerment outcomes of the Partnership on IFC clients? To what extent have intended outcomes been achieved?
What unintended outcomes (positive and negative) for women and girls have occurred?
To what extent have IFC deliverables contributed to changes in the behavior/performance of IFC clients towards gender equality and empowerment? To what extent do these changes align with IFC's recommendations? What are the reasons for divergence?
<b>Efficiency</b>
To what extent is the program being efficiently implemented and managed to ensure progress towards its objectives and high-level goals is met in a timely manner? What was the quality of the outputs?
To what extent are program resources, staffing and capacities appropriate to manage the program effectively?
To what extent has risk been well managed?
To what extent are the governance structures for PP-II appropriate?
To what extent does PP-II deliver value for money?
<b>With regard to gender-flagged projects funded under the Pacific Partnership:</b>
To what extent and how has the Partnership ensured project activities and outputs are gender-responsive through adequate procedures and approaches, processes, capacity building initiatives as well as adequate resources?
To what extent has IFC developed its internal capabilities to close gender gaps as targeted by the project? How is the program using and adapting sector-relevant global knowledge on gender equality in the private sector and sharing lessons learnt with other programs?
<b>Impact</b>
To what extent is PP-II on track to deliver impact in each of the participating countries?
What difference (tangible benefits) is the program bringing to local beneficiaries/communities? How can this be sustained or improved?
How well does the monitoring and evaluation framework measure the impact of PP-II activities at the beneficiary level?
<b>Sustainability</b>
To what extent are program results/benefits likely to be resilient to identified risks, and sustained?
To what extent has the program established/enhanced capacity, processes and systems that are likely to be sustained?
To what extent has the program empowered local partners to deliver and how has the delivery approach and the operational incentives impacted on sustainability?
To what extent has the program promoted environmental and social standards as per the IFC Performance Standards?
To what extent is IFC contributing to demonstrating and improving the business case for gender equality and women's empowerment?
To what extent are program gender equality and women's empowerment results/benefits likely to be resilient to risk, and sustained? What are the key assumptions made in relation to the continuation of program effects?

To what extent has the program empowered local partners to be gender-responsive and how has the delivery approach and the operational incentives impacted on sustainability of changes gender dynamics?

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The interview questionnaire was prepared based on the evaluation matrix. It represents more the preparation prior to the interviews than it does the manner in which the interviews were conducted. As articulated above, due to the variety of projects, jurisdictions, and respondents the interviews were held in a more free-flowing manner.

### *Interview questionnaire*

- Introduction.
  - Thank you for agreeing to meet with me. I appreciate you (and your colleagues) taking the time.
  - I am doing this evaluation as part of the Pacific Partnership II, as an outside assessor. The objective of this evaluation is (1) to assess the performance of the Partnership, and (2) to provide recommendations for the way forward, for decisions on current and future funding levels of the Partnership and whether adjustments are recommended to enhance the success of PP-II activities. The key evaluation questions are
- Internal and external relevance?
- How relevant is the PP-II strategy and its activities to IFC, DFAT and MFAT current priorities?
- Efficiency and effectiveness?
- How efficient and effective has the IFC been in progressing against its objectives and goals under the Partnership?
  - What, if any, adjustments are recommended to improve efficiency and effectiveness of the Partnership to ensure progress towards Partnership goals?
- Will targeted or other results be achieved?
- Is the portfolio positioned effectively to achieve the development goals?
  - Are the Partnership goals likely to be achieved by the end of the program?
  - Beyond the Partnership goals, what other outcomes and impacts have been achieved by the program so far?
  - To what extent has the Partnership achieved its gender equality and empowerment objective?
- Beyond PP-II?
- What would be the costs and benefits of funding the IFC to deliver the Partnership beyond June 2022? If the Partnership were to be extended, what would be the key recommendations regarding strategy, governance, resourcing and timeframes?
- Confidentiality of answers. Please feel free to share information, anecdotes, or personal views with me that you do not wish to be linked to your name, either now or later via email (you have my card). I will make sure that any information you wish to remain anonymous will remain so in any and all materials that I submit to the IFC.

- Interview approach. I'll now ask you a series of questions about the work of the IFC and World Bank Group. All questions are open-ended, please feel free to add information that you deem most relevant.
- Before we get started, do you have any questions about the approach? - Ok, let's start.

Note: in the following questions  
"P" refers to BOTH the Pacific Partnership and the relevant component project, or several/all of them. Depending on the interviewee, questions may be restricted to a single project.

#### Questions

1. *[If not covered before:]* What is your role, incl. start/end date?
2. *As follow-on from the dates:* how/when have you come into contact with P?

#### LOOKING BACK

3. How do you assess P design – the quality at entry (relevance)?
  - a. What do you think of the 6 PP-II goals? Do they matter (to you ... generally)? Good to have them without numerical targets?
  - b. Did objectives and timeline reflect the available resources and the reality of the PICs?
  - c. Does PP-II design reflect priorities of IFC/WBG, Australia, NZ well?
  - d. Has the design of P-II been suitable the context of the Pacific up to now (pre-pandemic)? Relevant to the people, to client governments, and to the private sector?
  - e. Were the private sector clients really coming on board and supporting? What is the evidence of that?
4. What led to the choice and design of individual projects within PP-II? Have potential synergies between projects been optimized?
5. Would another approach have been more effective? Was anything left out, either at the beginning or during implementation, that would have been better not to abandon? Project ideas or objectives that would have made P more relevant?

#### On gender & relevance

6. To what extent and how has P succeeded in introducing gender analysis in new project design?
7. To what extent are the projects (especially with gender flag)p relevant to and aligned with the WBG and donor strategies but also individual firms' (or the private sector's) business needs?
8. To what extent were gender flags (after adoption) and action plans for PP-II projects appropriate to the context and the resources available?
9. Has P been effective in achieving results? Was the work – up to the pandemic – generally on track (results likely to be achieved by the target date)?
  - a. To what extent have the interventions contributed to market transformation, demonstration effects, and market development?
  - b. On gender?
10. Has P been implemented efficiently? Are resources available and used? Is M&E?
11. Have challenges and risks been appropriately managed?
12. Does the team manage information well (making good use of global knowledge, sharing information, coordinating with other development partners and relevant development programs)?
13. Can you name impacts (capacity, processes/systems, changes in behavior) of P? Especially those that are likely to be sustained? Was PP-II on track to achieving its impact, prior to the pandemic?

14. What difference did **P** bring to local clients? Evidence? E.g. Empowerment of local clients and/or building local capacity? Evidence of behavioral change?
15. Any unintended changes induced directly or indirectly – positive or negative – by **P**? Especially on gender?
16. Did it make a difference in terms of
  - a. Environmental and social standards as per IFC's Performance Standards?
  - b. World Bank Group Twin Goals of poverty reduction and shared prosperity?
17. In terms of WBG collaboration: where has it worked well? Evidence?

LOOKING FORWARD

*Relevance, effectiveness, efficiency, impact, sustainability*

18. What improvements can be made?
19. Looking forward, what is the single-most-important change needed for **P** (worst aspect)?
  - a. If you could change two things (you're in charge, no constraints), what would they be?
20. Shifting to the look forward: how has the Covid-19 affected the project so far?
21. How will it likely affect the project in the future?
22. If you could decide without restrictions, what would you propose the **P** does in order to contribute optimally to a post-Covid-19 recovery?
23. How do you think the pandemic will affect gender relations? How can PP-II projects help?
24. Might the current pandemic be an opportunity also? A chance to rebuild something better, rather than simply what was before?
  - a. Can the IFC team contribute in developing and articulating such concepts for a post-pandemic economy in the Pacific?