Pacific Digital Economy Programme - Management Response

This is a Management Response of the Australian Department of Foreign Affairs and Trade (DFAT) for the Mid-term Review Report (Report) on the inception phase of the Pacific Digital Economy Programme (PDEP). The inception phase includes country-specific activities, initially focusing on Fiji, Tonga, Samoa, Vanuatu, and the Solomon Islands, and region-wide research and capacity-building activities.

The programme aims to support the development of inclusive digital economies (IDE) in the Pacific by addressing specific market constraints and narrowing the digital divide. This will allow women, MSMEs, rural populations, youth, and seasonal or labour mobility workers to enhance their market participation and access basic services through digital devices and channels.

The mid-term review was conducted by an independent consultant, Mohammad Muaz Jalil. The purpose of this review is to assist UNCDF and key partners in understanding the program's relevance, efficiency, gender mainstreaming, coherence, effectiveness, and sustainability; assess progress towards programme objectives and results in the inception phase; identify major challenges, factors that may have affected implementation, key lessons learned, and other emerging opportunities for future programming. The findings and recommendations will be used to support the programme's scale-up in 2023 and beyond. The Review highlighted a number of findings, including:

Relevance – E-commerce and financial inclusion remain relevant issues to developing Inclusive digital economies in the Pacific. PDEP's implementation approach was deemed relevant by programme partners, however the report is silent on the view of relevant government departments. The dynamic nature of the space seen the emergence of new areas of support such as the development of government policies as well as the need to support SMEs with market strategies and future development.

Efficiency and Innovation – the Review has found the program to be delivered efficiently and reconfirms the innovative nature of fintech work in the region e.g. FinTech Challenge.

Effectiveness – while the progress to stakeholder outcomes is on-track, progress to client outcome levels is slow. The Review has found the latter to be ambitious and therefore recommends that these be revised and brought into reality. The review also confirms that the Monitoring and Results Management Framework will need to be reviewed and updated.

Coherence – The review recognises that coherence between program activities needs to be improved. it offers suggestions for the next phase to facilitate improved coherence e.g. identify focus sectors and develop appropriate country sector strategies to improve coordination and collaboration. The review has also highlighted opportunities to improve coherence between development partners and maximise the expertise available e.g. between UNCDF and UNCTAD.

Sustainability – the review found that an improved coherence in strategy and capacity development will improve sustainability.

Gender – The programme's activities recognized gender perspectives in the implementation process, and gender is a core element of inclusive digital economy. The Review suggests that the programme seriously consider developing products (E.g., youSave Lomobile) that specifically address gender constraints as it goes into the next phase.

Recommendation	Response	Advice	Explanation	Timeframe
Recommendation 1: PDEP programme should be extended beyond the inception phase to leverage existing investment and results.	Agree	PDEP should continue beyond the inception phase to take advantage of the precondition it has created and provide support to stakeholders so that digital transformation in PICs can take off.	In endorsing the extension of the PDEP programme beyond the inception phase there has been agreement to: - update the Programme Document and revise the KPIs. Capturing learning from ongoing activities will be continued throughout the next three years on a regular basis; - improve its gender focus and support the development of targeted digital and financial services products and capacity building initiatives will be undertaken. - deepen the relationships developed in the inception phase which will now be maturing and beginning to show results. PDEP will capture the learnings of ongoing initiatives during that time frame and utilize them for the next round of interventions. - Ramp up engagements with policymakers on developing the necessary digital rails for the future of digital economy, establishing and/or enhancing the roles of National Committees to provide strategic direction to the PDEP programme. - PDEP will support new countries to design and implement National Financial Inclusion Strategy (NFIS) and National E-commerce Strategy. PDEP will continue providing technical assistance to regulators to design/ update other relevant regulations/ policies in the digital economy. - PDEP will promote G2P and P2G payment initiatives and will scale successful models like Electronic Police Clearance Certificate (E-PCC) in other countries. - clear indicators to demonstrate improved collaboration with other development partners as well with PICAP	A revised Pro-Doc and Key Performance Indicators (KPIs) will be submitted to PDEP Investment Committee (IC) for approval. Strategic approach towards strengthening gender focus will be reflected in the revised Pro-Doc and results framework. A specific set of activities will be outlined in the country level strategy and action plan, as recommended by the MTR. This will be made available in Quarter 1 of 2023. Throughout the programme, a thorough learning capture exercise will be initiated during Q1-Q2, 2023 to document and reflect on the initiatives of the inception phase and to utilize them for the next three years' programming.

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Recommendation 2: Future PDEP programme design should improve coherence and sustainability.	Agree	PDEP can improve program sustainability and coherence by having country strategies, sectoral focus, broadening its private sector engagement instruments, developing local staff and institutional research capacities, continuing with innovative fintech challenges, and implementing some of the policies it is promoting (E.g., NES, NFIS)	DFAT agrees with the recommendations and encourages closer and improved collaboration with Pacific Insurance and Climate Adaptation Programme (PICAP). There are several opportunities that exist for further exploration including (but not limited to): - reviewing the use of shared-resources, Monitoring, Evaluation and Learning team, Communications, noting the planned expansion into five new countries, optimal HR strategies will be undertaken based on consultation with PICAP - Support to regulators with digital and financial literacy initiatives to be undertaken in a coordinated manner with PICAP	To be implemented immediately in 2023 and ongoing.
Recommendation 3: PDEP should invest in developing and expanding its MRM System	Agree	Harmonize project M&E data collection tool, and project workbook for interventions, incorporate gender indicators, and provide explicit support to government agencies in the establishment	DFAT agrees to the review and adjustment of the program's MRM system and indicators. It is important that gender indicators are also integrated in this revised monitoring system. PDEP in the similar vein has agreed to : - develop a standard questionnaire for capturing all post-event feedback, with the provision of event specific customized indicators/questions; - develop **country-specific strategies** across the four workstreams that align with overall shared programme-level Theory of Change (TOC);	Quarter 2 of 2023.

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		of the M&E framework, with which to monitor and track IDE	- revise RMF targets and propose realistic targets in the revised RMF; - define 'active' users in KPI for different projects, on case-by-case basis; - review and revise the Project Workbook template to make necessary changes to make it aligned with the revised RMF.	