



PACIFIC ISLANDS FORUM SECRETARIAT
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Niue Peer Review Report

July 2011

Cairns Compact for Strengthening Development Coordination in the Pacific



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Private Mail Bag, Suva, Fiji. Ratu Sukuna Road, Muanikau, Suva, Fiji
Telephone (679) 331 2600 Email info@forumsec.org.fj Website www.forumsec.org



Prepared by The Niue Peer Review Team, with the assistance
of the Pacific Islands Forum Secretariat.

Approved by the Government of Niue, in consultation with
its development partners.



ACKNOWLEDGEMENTS

At the invitation of the Government of Niue, a Peer Review of Niue's national development planning, budgeting, public financial and aid management systems and processes was undertaken in Niue from 30 May to 3 June 2011. The Government of Niue invited representatives from two Forum Island Countries, Nauru (Ms Greta Moses) and Samoa (Ms Noumea Simi), and one development partner - Australia (Mr Bill Costello) - to make up their Peer Review Team. The Niue Peer Review Team was supported by a team from the Pacific Islands Forum Secretariat.

The Peer Review would not have been possible without the efforts of a number of people and organisations to whom the peer view team would like to express their sincere gratitude:

- The Premier of Niue and the government of Niue for inviting their neighbouring Pacific countries and one of their development partners to undertake the review of their national planning, public financial budgeting and aid management systems and processes;
- The Acting Premier and Niue's Cabinet's for meeting with the Review team during their visit to Niue;
- Mr Richard Hipa, the Secretary to Government for his leadership of the peer review process preparations and in country visit as well as the staff of the External Affairs Office for their logistical support and provision to the team of much useful information;
- Senior staff of the Government of Niue, development partners, private sector and non-government organisations who shared freely their experience, insights and ideas on how to strengthen development coordination in Niue; and
- The Governments of Nauru, Samoa and Australia, for agreeing to release their staff to serve on the Niue Peer Review Team.

All figures are in NZ dollars

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Fakalofa lahi atu,

The Peer Review was an excellent opportunity for the Niue government to take stock of work it has undertaken and complements the progress that continues today. This includes sound strategic planning, prudent financial management, and transparency and accountability that are building blocks to good governance. It was an opportunity for the government to consider if the path it is taking is the correct one and to consider an objective view and suggestions for improvement.

A holistic approach is crucial to economic development and this means the inclusion of all sectors outside of government in the strategic planning process, but in particular in the improvement of government service delivery to the private sector and the general public. The private sector will contribute significantly towards achieving Niue's vision of 'Niue ke Monuina - A prosperous Niue', and its long term vision of economic self-sufficiency.

The government's role is providing not only good services but an enabling environment for private sector growth. With investment in key economic development sectors identified as tourism, fisheries and agriculture, the Government has made some steady progress evident by statistics. I was pleased with the calibre of the peer review team, for while Forum countries are in varying stages of development the knowledge that the team members have shared with my team is invaluable, has helped improve our plans, and is a great example of the Pacific spirit of cooperation. In keeping with the spirit of cooperation I would suggest that for future peer reviews a person from the private sector would have provided a holistic approach to the peer review team and another important perspective and avenue of learning.

The Investment and Development Budget is a step towards better management of all funding Niue receives from its development partners. This is the second year that this budget has been in place together with the Government's recurrent budget and it has provided greater clarity and transparency for Niue and its development partners. As part of its goal to improve government service delivery, meet modern needs and Niue's development aspirations the government has commenced public sector reform with the Public Service Transformation. As part of the Transformation, the establishment of an Aid Management and Coordination Unit, and the merge of the Economic Planning and Development Unit with the Treasury Department aims for a more streamlined process, better management, coordination and reporting on all development partner funding which will lead to a good working partnership.

A further objective of the Transformation is for government agencies to reduce unnecessary waste, and to improve trading services to operate under sound commercial practices. In that sense, I would suggest that the scope of the peer review is broadened and to go beyond aid coordination and management to include project coordination and management. This supports a holistic approach as discussed above with regard to the private sector. In our experience, national priorities have been sidelined where development partners have their own set of priorities under their regional programmes but unfortunately are not consistent with national priorities. This situation needs to be addressed and a mutually agreeable solution found.

As a Small Island State, Niue has benefitted from the commitment of funding to Small Island States as it recognises the need of these States for assistance, including financial and other resources to deliver essential services. It is this importance that all Forum member countries place on its fellow members that will help the region as a whole. Finally, I am pleased with the outcomes of the Peer Review report and for the candid and objective approach of the team, and I am pleased with their endorsement of what Niue has achieved. I wish to sincerely thank the team for their hard work, and for taking time out of their busy schedules for they are also important contributors to the development of Niue but also to the region.

Hon. Toke. T. Talagi
Niue Premier

MESSAGE FROM THE NIUE PREMIER



MESSAGE FROM
THE SECRETARY
GENERAL FOR THE
PACIFIC ISLANDS
FORUM
SECRETARIAT

Since 2010 Peer Reviews, based on the traditional Pacific Way of mutual assistance and co-operation, have become an essential part of sharing experience within the region on managing resources to achieve faster progress towards the Millennium Development Goals.

Niue invited representatives from Samoa, Nauru and Australia to conduct its Peer Review in June 2011, the fifth Forum Island Country to do so. The Pacific Islands Forum Secretariat facilitated the Review, as it had done for the previous four. The Review came at an important time for Niue as it considered a review of its national plan and approached important discussions with New Zealand, its main development partner.

Niue has particular challenges in matching the processes required to plan, implement and monitor national development and manage aid relationships with its extremely limited public service capacity. The Peer Review concentrated on practical options to help Niue to streamline and coordinate its processes.

The Forum Secretariat was very pleased to be part of the Niue Peer Review and to have been able to follow the progress that has been made since in the areas of planning, public sector reform and management of the country's aid relationships.

Tuiloma Neroni Slade
Secretary General
Pacific Islands Forum Secretariat



BACKGROUND



BACKGROUND

1. The Compact on Strengthening Development Coordination in the Pacific is a development compact agreed by Forum Leaders and endorsed by key development partners at the Pacific Islands Forum Leaders' annual meeting in Cairns, August 2009.
2. The development compact sets out collective actions by Forum member countries and development partners intended to strengthen coordination and use of development resources in the Pacific in line with international best-practice as expressed in the Paris Declaration on Aid Effectiveness, the Accra Action Agenda and Pacific Principles on Aid Effectiveness.
3. Peer reviews are a key part of this package of development coordination initiatives. They review and focus action on the ways that FICs with support of development partners use their own resources and the aid they receive to ensure a better life for their people and make progress towards achieving their national priorities including the Millennium Development Goals.
4. Peer reviews are based on the idea that if a FIC wants to make improvements in its development efforts, there is an option to seek advice from Pacific neighbours who may be facing and could have found solutions to exactly the same dilemmas within similar contexts.
5. The peer review team looked at how the government and people of Niue formulate their national development priorities, consider strategies to implement plans, turn these into budgets and monitor and report on results including risk management; and just as importantly, how their development partners act collectively and individually to support those national priorities and processes.
6. Niue is one of the smallest countries in the world in terms of population and economy. Niue's economy is dominated by the public sector, accounting for approximately two thirds of employment. Cyclone Heta in 2004 significantly impacted Niue's economy with an overall estimated damage of US \$60M affecting properties, agriculture, government and industry infrastructure, which in turn has led to expensive relocation and rebuilding of infrastructure.
7. The peer review team considered good practices in development coordination in Niue by both the government and development partners that could be highlighted for possible adaptation in the region as well as areas that needed more attention and actions to strengthen. The team at the end of this report provides recommendations to the government of Niue and development partners on a set of practical actions in the short to medium term that could strengthen development coordination in Niue to ultimately improve the delivery of development assistance to the people of Niue. The Peer Review Team's terms of reference are in Annex 1.
8. The Peer Review Team had the benefit of information resources from the Government of Niue including the Niue National Strategic Plan 2009-2013; the Niue 2010 Country Report for the Cairns Compact; successive Niue budgets; the report of the Foreign Affairs, Defence and Trade Committee of the New Zealand Parliament on New Zealand's relationship with South Pacific Countries; and the Niue Government response. These provided descriptions of current planning, reporting, financial and aid management systems and recommendations for future improvements and were useful to start the discussions and gave the team perspective on some of their recommendations in this report.

9. In undertaking this review, the team met with around 50 key stakeholders in Niue (refer to Annex 2). Substantive discussions were held with the Acting Premier and Cabinet, Secretary to Government, the Financial Secretary, Directors and senior staff of the Economic Planning, Development and Statistics Unit (EPDSU), the Department of Finance, the Departments of Health, Education, External Affairs, Crown Law and Justice, Community Services, Taoga Niue, Environment and Tourism and Agriculture. Meetings were also held with the Niue private sector and chamber of commerce, NGOs and village councils, Parliamentarians and the New Zealand High Commissioner to Niue.

10. In drawing up its recommendations, the peer review team has tried not to cover everything that needs to be done to improve planning and development partner coordination, much of which is already well known and reflected in the Government of Niue's own reflections on the status of development coordination in country, but to concentrate on actions which would help Niue in the short to medium term.

11. **This report is structured in three main parts;** i) Background; ii) Findings and recommendations along four sections on Planning, Budgeting, Aid Management and relations with development partners; and iii) Recommendations for Action and Next Steps in the process.



Niue Peer Review Team - From left: Gretta Harris (Nauru); Noumea Simi (Samoa); Niue Acting Premier, Hon. Kupa Magatotia; Bill Costello (Australia)



FINDINGS

National planning systems

12. The Niue National Strategic Plan 2009-2013 (NNSP) is the second of Niue's national development plans. The current NNSP is considerably shorter and more action oriented than the first national plan and some national development plans in the Pacific, has some clear measurable targets and indicators and clearly builds on the lessons of the previous plan. It contains six pillars - financial stability, governance, economic development, social environment and Taoga Niue or culture. Each pillar has a series of specific strategic areas (38 in total) and there are around 100 strategies with associated targets or indicators.

13. Most stakeholders noted their involvement in the development of the national plan, although the private sector and NGOs highlighted the need to sustain their involvement systematically in the development process throughout the implementation of the national plan. A few NGOs and private sector representatives noted that they were consulted once on the NNSP and have not since been involved in discussions on its progress. A few NGOs had not seen a copy of the NNSP until the peer review consultations.

14. Despite these good elements, the NNSP is recognised as ambitious for a five year period. Furthermore, the plan was to be supported by 5 year sector master plans. Some of these exist - key sectors such as tourism, health and education have developed or are in the process of developing and finalising their sector strategies. However, there has not been a consistent approach to the development of sector plans. Niue's 2010 self-assessment listed 23 strategies either existing or in preparation; this suggests that the NNSP is not necessarily the framework within which all planning is being carried out.

15. Sector planning and aid coordination processes in the health sector appear to be more advanced, including the convening of a recent donor round table meeting to discuss priorities and resourcing. The size (120 pages) of the plan however needs to be revisited to make it more practical and manageable. The Agriculture, Fisheries and Forestry Department has a 3 year corporate plan aligned to the NNSP 2009-2013, and is in the process of developing a sector master plan. The Department of Environment is developing the National Adaptation Plan of Action (NAPA) to better guide prioritisation and resource allocation in the environment sector. The Department of Community Affairs has a Corporate Plan linked to the NNSP. Existing sector Strategies or Master Plans have different formats, levels of focus and varying alignment with the NNSP. All departments signalled their need for more strategic and systematic dialogue and guidance from the central line departments and EPDSU for sector planning.

16. All departments consulted said that their corporate plans were linked to the NNSP although the level of alignment varies across the departments. The Environment and Health departments for instance identified the need to review the national priorities and resource allocation to better reflect existing and emerging challenges such as non-communicable diseases, the ageing population and climate change. Taoga Niue noted that despite Taoga Niue being a key pillar of the past and current NNSP, the department does not receive the necessary funding to implement strategies in the NNSP.

17. The government noted in its 2010 Cairns Compact self-assessment report the need to streamline national planning within the context of the size of the population.



“Too much time is put into planning and then monitoring all the plans that have been developed or will be developed. It becomes a culture of planning in a... microstate where all forms of resources are very limited; hence there is a need for a much simpler planning process, with more emphasis on a practical approach and actual activities happening on the ground.” (Niue National Plan Country Report 2010, Cairns Compact)

18. Niue may find the example of Vanuatu’s “Planning Long, Acting Short” matrix useful. This was developed in 2008 as a subset of the wider national strategy to focus political and public service attention on a few key outcomes to be achieved within a shorter time period than the overall national plan. It will be forwarded to Niue by the Forum Secretariat.

19. Further prioritisation and streamlining of sector planning is needed to guide departmental activities and link them to the resources that are likely to be available.

20. The governance framework for managing the implementation of the current NNSP is unclear. Although there is strong ownership across stakeholders of the NNSP, it is not clear specifically who monitors its implementation, takes strategic decisions as to when and how to do a mid-term review, or promotes consistency with its directions when considering budget bids and other departmental plans. Whilst gaps in the governance system for implementing and monitoring the first Niue Integrated Strategic Plan 2003-2008 are acknowledged and identified in the current NNSP 2009-2013 as an area that will be addressed, there was no clear articulation in the current plan on improvements in the governance systems to coordinate and monitor its implementation. Weaknesses noted in the implementation of the previous plan were capacity constraints and competing priorities of the mandated agency, the Economic Planning, Development and Statistics Unit (EDSU) in the Premier’s Department. At the time of the review, it appears the situation has not improved, and in fact has worsened. The EDSU has on-going issues with staffing, with the previous National Planning Officer now allocated to trade work and the previous Statistics Officer now allocated to work on the newly established Project Management Unit dedicated primarily to managing EU projects. The core functions of national planning and statistical coordination and management are left underserved and are being juggled primarily by the externally filled Economist and Strategic Planner position in the Premier’s Department.

21. The lack of clarity in the governance framework for the NNSP and existing capacity issues in the EDSU could be illustrated by the fact that a mid-term review of the NNSP 2009-2013 was planned towards the end of 2010 but has not yet been undertaken. At the time of the peer review, there were as yet no structured plans or agenda for the mid-term review and it was unclear which department was taking the lead in its planning and coordinating its implementation. In addition, although the NNSP 2009-2013 notes the intention of developing a “Monitoring and Evaluation Framework for the NNSP”, this had largely been undeveloped by mid-2011 and there is no specific and systematic reporting by departments on progress in implementing the strategies and priorities articulated in the NNSP. Despite this absence of an M&E framework, there are measurable targets and indicators for the six pillars of the NNSP that could be used for monitoring of progress. In the absence of a reporting process for the NNSP, progress is being monitored through departmental monthly and annual expenditure reports to Treasury and the Assembly which are focused on finances.

22. There appear to be limited and unclear links in the planning system to accountability and management for results - a problem faced by many Pacific island countries. There are plans under the current NNSP for instituting public sector reforms that would introduce performance management systems to ensure public sector accountability for results. It was not clear at the time of the review how much progress has been made in this area but it is a key factor in improving the implementation and monitoring of the NNSP and sector strategies. Furthermore, there were consistent comments from some government officials



and the NGOs, private sector and parliamentarians on the need for more simple, focused and realistic planning to suit the limited resources and capacity in Niue.

23. On a positive note, the current NNSP 2009-2013 does identify under the Financial Stability and Governance pillars important steps towards strengthening the governance framework for coordinating the implementation and monitoring of the NNSP. Under the Governance pillar, an Inter-agency Development Coordination Committee was to be established to oversee and strengthen interdepartmental processes and could be utilised as a key institution for managing the implementation of the NNSP. Under both the Financial Stability and Governance Pillars, an Aid Management Unit and an Aid Coordination Committee were to be established to better coordinate donor support to Niue. At the time of the peer review visit, there had been limited progress on the establishment of the Development Coordination Committee but there had been some progress in preparation of the establishment of the Aid Management Unit. This is discussed in more detail under the Aid Management section of this report. Nauru has recently revised the terms of reference for its National Development Committee, which may be a useful model for Niue.



24. The development of village planning in Niue as part of the UNDP funded Community Centered Sustainable Development Programme (CCSDP) is a potentially important innovation in planning. This may form the basis for allowing villages to bring together sources of funding from inside and outside Niue if the government continues to be supportive. The risk however is that this level of planning will add to the existing complexity and layers of national and sectoral planning. The government needs to strike a balance in its planning processes to ensure the most effective and efficient way to identify national and community needs and respond with appropriate resources in a timely manner. There are existing grants and schemes to address community needs, however these need to be linked to national priorities and other resource pools available.

25. In moving forward the strengthening of Niue's national planning systems and processes, **the Peer Review Team recommends that:**

- **Recommendation 1:** The government consider strengthening the capacity of the Economic Planning, Development and Statistics Unit (EPDSU) as the technical arm of government to facilitate and coordinate the implementation and monitoring of the NNSP; and task the overall strategic oversight of implementation and monitoring of the NNSP to an interdepartmental committee such as the Development Coordination Committee proposed in the NNSP. Given the introduction of the Investment and Development Budget, the primary task of such a committee might be to oversee the inclusion of Investment and Development items before the budget reaches Cabinet, as well as directing a review of the NNSP. There are many models around the region (including Nauru, Vanuatu, and Tonga) for this sort of structure that will give Niue options for responsibilities and membership.
- **Recommendation 2:** The government reconsider its decision articulated in the NNSP 2009-2013 for sector master plans for each implementing department. The government needs to consider whether this is a good use of resources and that it may be better to concentrate on sector plans for the top 3 or 4 national priorities. Doing so would enable Niue to ensure that they bring together the departments necessary to get the job done; promote efficiencies of collaboration and better communication; and give a basis for medium term expenditure forecasts for key and related sectors.
- **Recommendation 3:** The government firm up its preparations for undertaking a mid-term review of the NNSP. A mid-term review would be an opportunity to further review strengths and weaknesses of the NNSP to date, to re-scope the strategy and the processes for managing it, and to decide how to move towards a greater focus on results. The government could draw the private sector and NGOs meaningfully into consideration of the results so far and the way forward, and use external support if necessary.

- **Recommendation 4:** The government develop a simplified reporting process for departments and sector plans which covers obligations to Treasury, to the Development Coordination Committee overseeing the implementation of the NNSP, the Public Service Commission, Parliament and eventually development partners. There is experience available from other Pacific Island countries (such as Samoa and PNG) that Niue could learn from.

Budgeting and financial systems

26. The constitution of Niue and the Niue Public Revenue Act 1959 provides the legal framework for the treatment of all public monies. Niue's recurrent budget for 2009/2010 and 2010/11 averaged around NZD \$20 M per annum. Around 60 % of the budget excluding trading operations is funded through New Zealand budget support of approximately NZD\$7M. Niue also receives project aid from New Zealand, the EU and other development partners which has not been hitherto reflected in the budget.

27. A Budget Review Committee consisting of senior officers from Treasury, Economic Planning, Development and Statistics Division, PSC, External Affairs/Aid Management, and the Secretary for Government reviews all budget bids and makes recommendations to the Cabinet prior to discussions at the Assembly Public Expenditure Committee before its introduction at the General Assembly.

28. The National Budget is accompanied by statements from Department Operational Plans of activities, outputs and outcomes on what the funds will be used for. Some stakeholders note that often the statements on the Departmental Operational Plans in the national budget are repeated year after year with no change indicating either that the departments are going through the motions of justifying their budgets with last year's operational plan reflecting the same recurrent expenditure, or that there are issues with delivery and implementation. It might also be a reflection of inadequate resources to bring about results.

29. Given the size of the population, the economy, limited capacity for resource generation in Niue and the fact that most of government funds are spent on salaries and on essential utilities such as power and water, government departments rely heavily on development partner resources to actually implement investment and development type initiatives. The intended plans and strategies are often not implemented when development funding is not secured as planned. This is aggravated by the lack of aid predictability through comprehensive multi-year estimates covering all development partners (although the major development partner, New Zealand, does provide forward commitments).

30. Over the past three years, the Government of Niue has undertaken some key steps including innovations towards strengthening its national budgeting and financial systems and improving the links between national and sector plans and the national budget:

- i. Since 2009, the Government has sought to better reflect all domestic and external resources in the national budget through strengthening the Financial Management Information System (FRMIS) in 2009. The 2010-11 budget has been further expanded to include not only the Government's recurrent (Departmental) activities, but also for the first time all Investment and Development (Administered) initiatives. Expenditures and revenues are grouped in the annual budget against the six Niue National Strategic Plan pillars.
- ii. The government has recently introduced a Public Sector Investment Programme to guide the prioritisation of resourcing of the NNSP strategies. The Treasury has completed



costing the NSSP, identifying significant deficits in planned income/funding and planned strategies in the NSSP 2009-2013, indicating the need for more focused prioritisation for implementation in the remaining two years of the NSSP based on confirmed resources.

31. The introduction of an Investment and Development Budget is an important step in making aid resources more transparent. The government is encouraged to move over time to a fully integrated budget in which Investment and Development items appear alongside the recurrent budget. The move to fully integrate and reflect aid on budget is welcomed by departments who see it as a significant step away from capping budget allocations based on historical costs. The question about who takes the raw data and makes decisions about priorities would be at least partly solved if Niue had a Development Coordination Committee.

32. The government's decision to undertake a PEFA in 2011 is consistent with the increasing use of diagnostics across the Pacific and demonstrates Niue's progressive move towards improving its public financial management systems. It should put Niue in a strong position to set out a public financial reform road map and to demonstrate commitment towards more accountable and transparent use of domestic and external resources. The PEFA findings and subsequent roadmap towards PFM reform is a step closer towards a basis for the use of country systems and aid delivery through budget support. The Forum Secretariat will forward details of recent experience in Kiribati with establishing a PFM improvement program.

33. Recognising the good work already started by the government on improving its budgeting and financial management systems, **the peer review team recommends that:**

- **Recommendation 5:** The government maintain its focus and support on the approach to integration of its recurrent operational and development/investment budget.
- **Recommendation 6:** The government use the forthcoming PEFA to develop a public financial management reform program in consultation with its major development partners.



Aid management

34. In the financial year 2011/12 Niue is forecasting aid receipts of nearly \$29 million (including New Zealand budget support and excluding contributions to the Niue International Trust Fund). Of this amount nearly 80% is forecast to come from New Zealand.

35. Aid is channelled through a variety of mechanisms: general budget support, program support for purposes such as asset management, technical assistance, contributions to the Niue International Trust Fund, and projects. New Zealand has also set up a special trust fund in Niue to channel its substantial support for tourism infrastructure.

36. By definition New Zealand budget support, provided under constitutional obligations, uses Niue government systems. A substantial proportion of other New Zealand assistance, including scholarships and asset maintenance, is paid to Niue and disbursed through national systems. Contributions to the Niue International Trust Fund, made so far by Australia and New Zealand, also meet aid effectiveness criteria in involving low transaction costs, a recognised single joint review mechanism, and availability of the proceeds to contribute to Niue's budget. However, beyond this a large number of small activities still making disproportionate demands on the Niue public service.

37. The Investment and Development budget for 2011/12 includes expenditure lines for forty five discrete projects¹. Thirty Three of these are estimated to spend less than \$100,000 in the year (the majority of these smaller activities are funded by some CROP agencies, the UN system, and the Global Environment Facility). This means that Niue has to manage a large number of projects relative to its size, with the associated monitoring and reporting burden. These projects are in areas that are broadly consistent with the NNSP and corporate plans. But whether a project meets priority needs in a timely manner is largely outside Niue's control. Finding the sources of funding, putting in applications, repackaging Niue's needs so that they fit funding criteria, managing departmental schedules to suit the availability of the money, and implementing the projects are resource intensive and lead to Niue's extremely scarce human resources, especially in the Agriculture and Environment Departments which have a larger number of projects, not being used as efficiently as they could be. Being driven by project schedules has meant departments competing for local resources for their implementation. Because they are so resource intensive, projects may tend to be considered as additional to Departments' core functions.

38. Most developing countries suffer from fragmentation of effort as a result of having to rely on project modalities and multiple sources of specialised support. For Niue the cost of managing external assistance in this form within existing public sector resources is particularly unsustainable, particularly if the aim is to access other forms of external assistance in future such as climate change financing. This unsustainable practice is made worse by the fact that there is no centralised mechanism for aid coordination. But moving away from it requires investment in developing alternative approaches. The NNSP includes the objective to "set up an Aid Coordination Unit for internal and external aid harmonisation". In the view of the review team the task is less about aid coordination than aid management given that there is a small number of development partners involved. Having taken the first step of understanding through the Investment and Development budget, the forms and sources of aid it receives, Niue urgently needs to put in place a structure to maximise the benefits from it.



¹ Assuming that New Zealand expenditure on health, education and tourism is mainly programmatic.



39. Based on the roles of aid management units in the Pacific, options for tasks/Terms of Reference for the Aid Management Unit include:

- To be the focal point for integration of external resources into domestic planning and budgeting.
- To identify sources of financing which Niue can access, but just as importantly to assess the transaction costs to Niue of accessing them.
- To monitor the costs and benefits of existing forms of aid and to spearhead a conscious move away from high cost, low return aid towards more programmatic, country-led approaches. The pursuit of eligibility for budget support is an example of the sort of issue for which the unit might be responsible. Although the benefits of budget support are widely understood, experience elsewhere is that the eligibility criteria and the reciprocal obligations which a country takes on when it accepts budget support are less well understood, and that these need to be carefully negotiated and well accepted across government if the budget support partnership is to be successful.
- To advise departments on how to apply for aid, how to negotiate implementation and monitoring arrangements which are consistent with Niue's capacity, and on alternative options for implementation.
- To develop, implement and monitor an aid policy (see below).
- To advise Ministers on high level negotiations on resource mobilisation and resource allocation based on the PSIP.
- Acting as the secretariat for the committee which determines inclusion of aid financed activities in the budget and the final composition of the various aid programs that are aligned to national priorities.
- To maintain forecasts of aid disbursements for budget purposes and information on total disbursements for public expenditure reporting, and to call development partners to account on their obligations to provide predictable and transparent aid.
- Coordination of aid related visits, joint review missions and sharing joint analytical studies.
- Promotion of harmonised aid design, implementation and reporting based on Niue's own systems.
- Promotion of monitoring and evaluation of aid funded activities to provide senior levels in government with real time information on their effectiveness; and promotion more widely of monitoring key government objectives under the NNSP for the purposes of informing Ministers and the community about progress and to provide the basis for communicating Niue's achievements outside the country and to its main development partners.

40. The Aid Management Unit will need to be staffed at a sufficient level to ensure that strategic and policy skills are available. The fact that the EU funds are not managed by someone in the country is a missed opportunity, in other countries this post has been helpful in supplementing the general aid management effort. Deciding where to locate the Unit within government (within External Affairs, Treasury or Planning) is an important strategic choice to be made. There is no right answer, and each option will give the unit a particular emphasis as well as limitations. Experience elsewhere is that location with External Affairs favours identification and negotiation of aid, albeit political interests can override those of development; location in a Ministry of Finance enables strong links to be made to budget and financial systems and to activity monitoring, while location with Planning can be helpful in emphasising the links between and alignment to national

development strategy and mutual accountability with development partners and overall performance management in the country. In countries where the functions of planning, budgeting and resource allocation are housed under one ministry, usually the Ministry of Finance, the clear choice is to place aid management in the same institution.

41. The Secretariat will provide Niue with terms of reference for aid management units in the Pacific for information.

42. Some Pacific countries have found it useful to develop an aid policy which reaffirms government's leadership role, sets out expectations for development partners, defines roles and responsibilities and articulates how the country would prefer to receive aid. An example is the Samoa Development Cooperation Strategy (see Box 1). It would be an option for Niue to prepare something shorter and simpler for an initial collective discussion with development partners. Such an exercise would help the Aid Management Unit reflect on and agree with senior managers and Ministers on what the priorities for aid management are and what it would be reasonable to hope to achieve given likely limited resources. An aid management policy often involves the establishment of a simple aid information management system inclusive of database development and management that would provide the needed back up support for all departments currently involved with project implementation.



Box 1. Partners in Development: Promoting Aid Effectiveness - the Samoa Development Coordination Policy

This policy, completed in December 2010, lays out the ground rules for managing aid within the Government of Samoa and by development partners. It specifies the focal point and decision making structures within the government, and the roles and responsibilities of each part of the structure. It sets out expectations for development partners in the areas of alignment and respect for government priorities, moving away from projects, use of national financial and implementation systems, predictability and transparency, and management of missions.

It commits the government to instituting performance monitoring, improving systems and procedures within the public service, and managing an open and collective dialogue with development partners over policy issues and resource frameworks. It also recognises the role of civil society and the private sector in planning and implementation of national policy.

The policy states that the government's preferred mode of aid delivery is budget support, and describes the institutional strengthening that Samoa will undertake to ensure that development partners providing budget support can have confidence in national systems. It concludes with a statement of action that will be undertaken within central agencies and line ministries to implement the policy and to review progress jointly with development partners.

Source: Government of Samoa, <http://www.mof.gov.ws/Portals/195/Services/Aid%20Coordination/Development%20Cooperation%20Policy.pdf>

The peer review team recommends that:

- **Recommendation 7:** The government of Niue implement its plans to set up and staff an Aid Management Unit as soon as possible with clear relationships with departments and upward reporting lines; and that it seek assistance from other Pacific island countries over the Unit's functions and composition, and for early implementation.
- **Recommendation 8:** The government of Niue instruct the Aid Management Unit to draw up a simple draft aid management policy and information system as described above.

Relations with development partners

43. When one development partner is dominant in external flows, issues of managing relationships with development partners inevitably fall into two parts: managing the central relationship and managing the rest. New Zealand is constitutionally obliged to provide necessary economic and administrative assistance to Niue. Through budget support it provides 57% of Niue's recurrent budget² (if trading operations are stripped out), and in addition provides around two thirds of the remainder of aid received by Niue³. As Australia and Papua New Guinea have found over the last thirty years, managing a dominant aid relationship, particularly one that is influenced by historical experience and expectation, is not easy. The National-led government elected in New Zealand in 2009 signalled a significant change in the direction of the aid program towards economic growth. For Niue this has involved a shift in focus from supplementing the cost of the public service through budget support towards increasing social and economic activity through investment in sustainable economic development initiatives. Although both sides agree that the transition to the new focus was not as smooth as it could have been, both agree that the relationship is now in good shape and is based on a commitment to substantial and jointly managed investment in tourism infrastructure. A large proportion of this investment is for accommodation and is channelled through a trust whose members are appointed by agreement between the two governments. The funds passing through the trust are not reflected in the Government of Niue's expenditures, although there is provision to report expenditures to the government. Given that the normal mechanisms of public and parliamentary scrutiny do not apply, it is important to ensure that the provisions for mutual accountability are carefully adhered to.

44. Experience of aid agreements elsewhere in the Pacific is that misunderstandings can be minimised by being clear about the mutual expectations surrounding the provision of aid funds. New Zealand and Niue intend to sign a Joint Commitment for Development (JCfD) in late July. This will be the most important agreement that Niue signs in the near future. It provides an opportunity to articulate formally the nature of the development relationship and in so doing to clarify any areas of uncertainty.

45. The time allowed for preparation of the JCfD appears to have been short. Where such agreements are based on expectations of performance it is important that those institutions which will contribute to the delivery of outcomes understand the basis of the agreement and contribute to it. At the time of the peer review, several rounds of discussions on the JCfD had taken place between the New Zealand Ministry of Foreign Affairs and Trade and representatives of External Affairs and Economic Planning, but knowledge of the process appeared to be limited in the remainder of government in Niue.

46. An intensive effort is likely to be needed by both governments to make this the best possible JCfD for Niue. A draft was not available to the peer review team, but based on experience elsewhere, features that both governments may like to consider include:

- Firm commitments of budget support over three years matched by realistic and measurable performance standards on Niue's side
- Provisions for joint review of the specific performance measures and for discussion of actions to be taken if the agreed standards are not met

² 2010-11

³ 2011-12 Investment and Development Budget

- Additional incentive type arrangements for high performance against the standards
- Agreement on how other forms of aid will be forecast and tracked within Niue government systems
- Formal consultation and review processes for the agreement as a whole at official and Ministerial levels
- The application of New Zealand's regional aid to support the national program
- Levels of engagement of New Zealand in decision making

47. Models for agreed policy actions include Samoa's policy matrix used by a number of development partners (see Annex 3). The key points are a measurable change, agreed methods for measuring it, and provisions for consultation if change has not taken place as expected.

48. If the final agreement is to be based on mutually agreed outcomes such as increased tourist numbers or a growing population, it is important that the nature of accountability on both sides for those outcomes is clearly spelled out, and that the commitments of both sides are necessary and sufficient to bring about those outcomes. Unless both sides are confident that sufficient analysis has been done to ensure that there are clear links between what is to be done and the outcomes specified, and that the outcomes are achievable, it may be safer for the present to limit commitments to things that are wholly within the control of the government of Niue, such as financial performance targets or implementation of sector plans. This does not, of course, exclude agreement to track outcomes of mutual interest and work towards incorporating them in the agreement over time.

49. One area which the JCfD could clarify is an agreed approach to public sector reform. The size of the Niue public service and the proportion of GDP it consumes are regularly discussed between New Zealand and Niue and have been at least implicitly a factor in continuing budget support. But there is still some lack of clarity on what public sector reform means in the context of Niue. The JCfD is a good opportunity to agree on a process and time frame for analysis and decisions on public sector reform.

50. Looking at aid relationships more generally, there is scope to explore collective contacts with development partners, something Niue has not done in the recent past. With an agreement with New Zealand underpinning its future plans and a mid-term review of the NNSP completed, together with a simple aid policy, Niue will be in a good position to specify to its development partners what kind of support it wants in coming years.

Two issues require particular attention:

- Niue's extremely small size puts it in a strong position to demand a more appropriate approach from the UN system. Seven UN agencies have active programs in Niue. Together they account for 38 lines in the Investment and Development Budget. Reporting on UN funded activities, frequently quarterly, is cited by departments as one aspect of the project management task which consumes a good deal of time. Niue is a case for rigorous application of a one UN approach under a single lead UN agency, preferably that which has the designated Resident Coordinator role, with a single program budget and reporting mechanism, which transfers some of the transaction costs of accessing UN funds to the UN system itself.
- Niue needs to take a managed approach to accessing climate change funds. Having a more proactive aid policy and strengthened national monitoring and reporting systems will take it some of the way. But greater progress will be made if Niue can use the opportunity of preparing its NAPA to consider how the country will position itself in



respect of climate change funding. The alternative is both likely and unsatisfactory, a plethora of small, disjointed and management-heavy activities. It is possible to see this emerging already in the Environment Department. The key points are to ensure that Niue's NAPA is subjected to comprehensive whole of government scrutiny and approval; that it focus on Niue's long term and significant needs (eg. relocating villages, securing water supplies) rather than a plethora of small projects; that thought be given to a funding mechanism such as an Adaptation Fund, with robust governance mechanisms that will allow contributors to put funds in with confidence, to provide a cushion between receiving funds and spending them at the rate that Niue can sensibly manage; and a single point of management in a central department, with implementation delegated to a range of appropriate agencies. Niue may want to take advice from countries such as Samoa which are further ahead in the development of a NAPA.

The peer review team recommends that:

- **Recommendation 9:** Niue and New Zealand make an intensive effort at senior level to ensure that the Joint Commitment for Development formalises the aid relationship to the satisfaction of both sides and lays the basis for predictable aid underpinned by evidence based dialogue on results.
- **Recommendation 10:** Niue approach the UN Resident Representative in Apia to ask for support for a streamlined and harmonised process for UN system engagement in Niue which reduces the transaction costs for the country.
- **Recommendation 11:** Niue hold a donor meeting in the run up to the 2012 budget.
- **Recommendation 12:** Niue look to establish an appropriate mechanism for climate change financing which can be an avenue for directing support towards infrastructural developments that are linked to enhancing resilience.



Niue Premier, Hon. Toke Talagi with the Niue Peer Review Steering Committee and the PIFS officials - PIFS Peer Review Follow Up Visit, April 2012, Alofi Niue

A photograph of a lush, green forest. The upper portion shows tall, thin tree trunks reaching towards a canopy of bright green leaves. The lower portion is dominated by a dense, thick carpet of various green plants, including ferns and broad-leafed species, creating a rich, textured undergrowth.

TIMELINE FOR ACTION

TIMELINE FOR ACTION

51. The following is a suggested timeline for implementation of the team's recommendations. This does not imply that they are especially time sensitive or that they need to be implemented as a package. As with all peer review reports, the first step is for the government to determine what it wishes to implement. However, they may be helpful in establishing an order for action:

By July 2011:

- Negotiate Joint Commitment for Development with New Zealand
- Complete Public Expenditure and Financial Accountability assessment with EU assistance
- Seek external assistance for establishment of Aid Management Unit

By the end of 2011:

- Niue National Strategic Plan review & revision
- New governance arrangements for NNSP & development planning in place and functioning
- Aid Management Unit established and staffed
- Complete National Adaptation Program of Action with proposed climate change financing mechanism
- Public financial management road map established after consideration of PEFA findings and disseminated internally and to development partners
- Governance mechanism for NNSP identifies key sectors for revised sector strategies and works with sector agencies to produce them

In 2012:

- Collective government and development partner agreement on future aid management (draft tabled at round table)
- 2012/13 budget reflects revised objectives for remainder of NNSP period
- Costings and monitoring frameworks for 3-4 sector strategies developed



A photograph of a tree trunk with several colorful triangular markers and yellow directional signs. The signs are attached to the trunk and point in various directions. The background shows a grassy field with palm trees and a building under a cloudy sky.

RECOMMENDATIONS

Liku km

Hikutavake km

Namukulu km

Toi km

Tuapa km

Makefu km

Alofi North km

Mutalau km

RECOMMENDATIONS

52. The following are a set of short to medium term actions recommended to the Government of Niue and its development partners to consider in their ongoing efforts to strengthen development coordination in Niue. **The recommendations are framed along the 5 principles⁴ of the Paris Declaration on Aid Effectiveness:**

- **Recommendation 1:** The government consider strengthening the capacity of the Economic Planning, Development and Statistics Unit (EPDSU) as the technical arm of government to facilitate and coordinate the implementation and monitoring of the NNSP and task the overall strategic oversight of implementation and monitoring of the NNSP to an interdepartmental committee (The Development Coordination Committee) as proposed in the NNSP. Given the introduction of the Investment and Development Budget, its primary task in the first instance might be to oversee the inclusion of Investment and Development items before the budget reaches Cabinet, as well as directing a review of the NNSP. There are many models around the region for this sort of structure that will give Niue some options for responsibilities and membership.
- **Recommendation 2:** The government reconsider its decision articulated in the NNSP 2009-2013 for sector master plans for each implementing department. The government needs to consider whether this is a good use of resources and that it may be better to concentrate on sector plans for the top 3 or 4 national priorities and possibly to cluster related priorities. Doing so would enable Niue to: ensure that they bring together the departments necessary to get the job done; promote efficiencies of collaboration and better communication; and give a basis for medium term expenditure forecasts for key sectors.
- **Recommendation 3:** The government firm up its preparations for undertaking a mid-term review of the NNSP. A mid-term review would be an opportunity to further review strengths and weaknesses of the NNSP to date, to re-scope the strategy and the processes for managing it, and to decide how to move towards a greater focus on results. The government could draw in the private sector and NGOs meaningfully into consideration of the results so far and the way forward, and use external support if necessary.
- **Recommendation 4:** The government develop a simplified reporting process for departments and sector plans which covers obligations to Treasury, to the Development Coordination Committee overseeing the implementation of the NNSP, the Public Service Commission, Parliament and eventually development partners. There is experience available from other Pacific Island countries that Niue could learn from.
- **Recommendation 5:** The government maintain its focus and support on the approach to integration of its recurrent operational and development/investment budget.
- **Recommendation 6:** The government use the forthcoming PEFA to develop a public financial management reform program in consultation with its major development partners.
- **Recommendation 7:** The government of Niue implement its plans to set up and staff an Aid Management Unit as soon as possible with clear relationships with departments and upward reporting lines and that it seek assistance from other Pacific island countries over the Unit's functions and composition, and for early implementation.
- **Recommendation 8:** The government of Niue instruct the Aid Management Unit to draw up a simple draft aid management policy.



⁴ *Ownership, Alignment, Harmonisation, Managing for Results and Mutual Accountability.*

- **Recommendation 9:** Niue and New Zealand make an intensive effort at senior level to ensure that the Joint Commitment for Development formalises the aid relationship to the satisfaction of both sides and lays the basis for predictable aid underpinned by evidence based dialogue on results.
- **Recommendation 10:** Niue approach the UN Resident Representative in Apia to ask for support for a streamlined and harmonised process for UN system engagement in Niue which reduces the transaction costs for the country.
- **Recommendation 11:** Niue hold a donor meeting in the run up to the 2012 budget.
- **Recommendation 12:** Niue look to establish an appropriate mechanism for climate change financing which can be an avenue for directing support towards infrastructural developments that are linked to enhancing resilience.



H. E. Mark Blumsky, New Zealand High Commissioner to Niue

A full-page background image of a sunset over the ocean. The sky is filled with large, dark, billowing clouds that are illuminated from behind by the setting sun, creating a bright orange and yellow glow. The sun is partially obscured by the clouds, with rays of light breaking through. The ocean in the foreground is dark, with the golden light of the sunset reflecting on its surface. A small, dark silhouette of a person is visible in the water on the right side. A horizontal yellow bar is positioned across the upper third of the image, containing the text 'NEXT STEPS' in a white, serif font.

NEXT STEPS



NEXT STEPS

53. Based on the preference of the Government of Niue, it is proposed that there be a follow up visit or discussion by the PIFS and development partners to Niue to discuss concrete work plan/actions and resource framework/division of labor for implementing the recommendations of the Peer Review Report. This visit is proposed to happen within and no more than six months after the completion of the Peer Review in country. Key development partners in country can consider supporting the implementation of the peer review recommendations in addition to other government identified priority development coordination priorities.

54. Alternatively and/or additionally, and again based on the preference of the Government of Niue, the government can integrate the Peer Review Recommendations into their ongoing national development planning, budgeting and aid coordination/management development strategy/plan and processes. The planned Mid Term Review of Niue National Strategic Plan in late 2011 is a good opportunity to hold discussions with development partners on the findings of the peer review process and discuss collective support for priority actions to strengthen development coordination in Niue within the next 12 to 18 months.

55. It is proposed that a simple Monitoring and Evaluation Framework/indicators agreed between the Government, development partners and PIFS be developed and used to track the implementation of the Peer Review Recommendations (recommendations to both Government and Development partners).



Annex 1: Niue Peer Review TOR

1.0 Purpose

This note sets out draft Terms of Reference for a peer review of Niue's national development planning and related processes under the Cairns Compact on Strengthening Development Coordination in the Pacific.

These Terms of Reference draw on a concept note on the peer review process that was circulated by the Pacific Islands Forum Secretariat (PIFS) on 20 October 2009 and discussed at a regional workshop on 26-28 November 2009.

2.0 Background

Through the Cairns Compact, Forum Leaders agreed in August 2009 that the Pacific Islands Forum Secretariat (PIFS) should establish and report annually to the Post-Forum Dialogue on a process of regular peer review of Forum Island Countries' (FICs') national development plans to:

- a. promote international best practice in key sectors,**
- b. improve effective budget allocation processes; and**
- c. guide support from development partners.**

The objective of the peer review process is also to guide improvements in development coordination, including by informing discussions at the Pacific Islands Forum and Post Forum Dialogue, through reviews of coordination at a country level.

Peer reviews are an opportunity for mutual learning between FICs on the one hand and their peers in other FICs and development partners (donors) on the other about how best to address development challenges. The peer review process is intended to contribute to reinforcing country leadership over the establishment of national priorities, and enhance the capacity of countries to guide the use of development resources - both government and development partner funded resources.

3.0 Issues for review

The Peer Review process will consider the following issues in line with globally (Paris, Accra) and regionally (Pacific Principles of Aid Effectiveness) accepted principles for development effectiveness:

Ownership: Pacific Aid Effectiveness Principles 1, 3

- Processes for preparing and reviewing well developed and costed national and sectoral development plans/strategies
- Links between the national and sector development plan/strategies and budgets


Alignment: Pacific Aid Effectiveness Principles, 2,5,6

- Alignment of development partners plans/programmes and funding to the national and sector development plans/strategies and national/sector budgets and financial management systems

Harmonisation: Pacific Aid Effectiveness Principle 4

- Harmonisation of and amongst development partners' development assistance, programming, monitoring processes to reduce transaction costs on government systems and resources





Managing for Results: Pacific Aid Effectiveness Principle 7

- Mechanisms, processes and frameworks for monitoring the implementation of the national development plans/strategies focused on results and outcomes.

Mutual Accountability: Pacific Aid Effectiveness Principle 7

- Mechanisms, processes and systems for collective (government and development partners) assessment, monitoring and review of development programmes/resources to improve the effectiveness of development assistance.

Following are the detailed considerations for the Peer Review:

Ownership:

- Processes for preparing and reviewing national and sector development plans, including:
 - whether the national and sector plans define a clear set of development results and set realistic timeframes for achieving these
 - how domestic stakeholders are consulted in the preparation and review of national and sector plans
 - the extent to which the Government has communicated national and sector plans within Government and to other domestic stakeholders
 - the extent to which the Government has established and implemented an effective review process for national and sector plans
 - how evidence (including statistics) was used to develop national and sector plans, set budgets and monitor progress
- Links between the national plan, sector plans and budgets, including:
 - the extent to which the plans included above are supported by realistic and appropriately costed annual budgets and sector plans
 - whether the processes for developing and reviewing national plans, sector plans and annual budgets are integrated with each other

Alignment and Harmonisation:

- Relationship of development partners to national and sector development plans, including:
 - the extent to which development partners align their assistance to the priorities articulated in national and sector plans in a coordinated manner
 - the extent to which development partners harmonise among themselves to ensure coherent and collective assistance to the government. e.g, joint missions, joint assessments, joint country strategies, joint programmes
 - the adequacy of national and sector plans to provide clear guidance to development partners on how aid can complement national resources
 - the extent to which development partners deploy aid resources through national (government and other domestic stakeholder) systems.

Managing for Results and Mutual Accountability:

- Monitoring the implementation of national and sector development plans, including:
 - Processes and frameworks for tracking and reporting progress against outcomes in national and sector plans, and for drawing policy conclusions from progress reporting.

4.0 Outputs

The key output from the peer review process will be a report prepared by the review team and agreed by the Government that will summarise the available evidence, based on existing documents and in country consultations, to draw conclusions on the above issues as the basis for:

- Recommendations to the Government on how it can improve:
 - processes for preparing and reviewing its national and sector plans, including consultation mechanisms with domestic stakeholders
 - processes for linking these plans to the annual budget coordination of development partners assistance, including by providing appropriate guidance through national and sector plans
 - budget allocation and monitoring systems
- Recommendations for development partners on how they can improve:
 - processes for aligning their assistance to the priorities articulated in the national and sector plans
 - processes for coordinating assistance between development partners
 - efforts to support and strengthen Government monitoring and implementation systems
- Broader lessons on the above issues for other FICs and development partners to consider through the Post Forum Dialogue and other regional meetings.

5.0 Peer Review Team

The review team will consist of one representative each from Nauru and Samoa and one representative from a development partner, AusAID. Niue, in the true spirit of Peer Learning and sharing amongst PICs, drew its peer review team from the PIFS established Peer Reviewers Database consisting of government and development partner nominated officials. The Peer Review Team will be supported by the Regional Planning Adviser and an international consultant engaged by PIFS.

6.0 Stages of review process


6.1 Pre-Analytical review

With support of the Regional Planning Adviser, the consultant engaged by PIFS will consider the Government's self assessment (2010 Cairns Compact report) against the agreed format for annual reporting by all FICs on their national development plans, and any reflections by, or commissioned by, the Government on the implications of the self assessment, as well as any other recent reporting on implementation of plans, progress against the MDGs, and the economic and financial situation.

6.2 In-country review

The in-country peer review process will take no more than 7 working days. The in country review consultations with relevant national and development partner stakeholders should take no more than 5 working days.

Prior to the consultations, the Peer Review Team will hold an Initial Briefing with the Peer Review Focal Point/Agency to confirm the objectives and focus of the Peer Review and the stakeholders to be consulted.



The peer review team would then meet with relevant stakeholders. A list of stakeholders will be agreed between the Government and the review team. It is anticipated that consultations will include:

- Ministers and officials in central planning and financial management agencies and key service delivery agencies (e.g. education and health).
- Representatives of key development partners
- Representatives of non-government organisations and the private sector.

The Peer Review Team will consult with the Government on the best way of getting a range of non-Governmental opinion and will if appropriate request that Government convene a consultative meeting with wide community representation.

A Peer Review Debrief will be held on the last day of the Peer Review in country where the Peer Review team will provide some very preliminary findings from the peer review consultations. Stakeholders from both government & non-government sectors and development partners will be invited to attend.

6.3 Post Peer Review Process

1. Preliminary Report by Peer Review Team

Within two weeks of the completion of the in country peer review visit, the Peer Review Team with support of the PIFS and consultant will produce and submit a preliminary Peer Review Report to the government of Niue for review and comment.

2. Government approval of the Peer Review Report

The Government of Niue will be asked to respond to the draft report within two weeks of receiving the draft and asked to approve a final Peer Review Report within six weeks of completion of the peer review visit.

3. Dissemination of the Peer Review Report

Within two weeks of Niue's approval of the final peer review report, the Niue Peer Review Report will be disseminated widely by PIFS to all Forum members and development partners via PIFS Circular and on the PIFS website.

4. Niue and PIFS Report on Peer Reviews to PIC-Partners and PPAC meetings

As appropriate, Niue and the PIFS will present the Niue peer review report and a consolidated report summarising the peer reviews undertaken in 2011 at the Pacific Island Countries - Development partners meeting and the Pacific Plan Action Committee (PPAC) meeting. The conclusions of the peer reviews will be reported to the Forum Leaders meeting as part of the PPAC Chair's Letter to the Chair of the Forum.


5. Niue and PIFS Report on Peer Reviews to Leaders and Post Forum Dialogue - September 2011

PIFS will present [a summary of] the peer review report and a consolidated report summarising the peer reviews undertaken in 2011 to Forum Leaders and the Post-Forum Dialogue to inform discussions on development coordination.

The government of Niue can also consider a high level report potentially through their leader's address to the Forum Leaders on their peer review process and follow up.

6. Development Coordination Action Planning, Resourcing and Implementation:

Based on the preference of the Niue government, it is proposed that there be a follow up visit by the PIFS and development partners to Niue to discuss concrete work plan/actions and resource framework/division of labor for



implementing the recommendations of the Peer Review Report. This visit is proposed to happen within and no more than three months after the completion of the Peer Review in country. Key development partners in country can consider a pooled fund to support the implementation of the peer review recommendations in addition to other government identified priority development coordination priorities.

Alternatively and/or additionally, and again based on the preference of the Niue Government, the government can integrate the Peer Review Recommendations into their ongoing national development planning, budgeting and aid coordination/management development strategy/plan and processes.

It is proposed that a simple Monitoring and Evaluation Framework/indicators agreed between the Government, development partners and PIFS will be developed and used to track the implementation of the Peer Review Recommendations (recommendations to both Government and Development partners). Attached is a Draft Work plan and Report Template for consideration.

7.0 Administrative and funding arrangements

In addition to the consultant, PIFS will provide logistical and administrative support to the peer review process coordinated by the Regional Planning Adviser.

The major costs of the peer review process will be met by PIFS with the support of the development partners. These costs include the consultant and administrative support provided by PIFS, travel by the peer review team and incidental costs incurred by the Government such as hiring meeting facilities and catering. The only significant costs to the Niue Government will be the time of focal points and officials consulted. The development partner participating in the review team will cover their own costs.

The Government has nominated designated focal points to set up and manage the consultation process in close coordination with PIFS.

Annex 2: Stakeholders Consulted on the Peer Review

Time	Representatives	Organisation
Monday 30th May 2011		
9.00am	<ul style="list-style-type: none"> • Mr. Richard Hipa (Secretary of Government) • Mrs. Jay Gataua (Senior External Affairs Officer) • Dr. Tim Goode (Strategic Planner) • Mr. Brendan Beak (Financial Secretary) • Mr. Poitogia Kapaga (Budget Manager) • Mr. Graham Nootebos (Chief Accountant) • Mrs. Doreen Siataga (Financial Accountant) • Mrs. Margaret Siosikefu (Project Management Unit Manager) • Mr Frank Sioneholo (Head of Trade Unit) • Ms Akata Bilitaki (Assistant Financial Accountant) • Ms Kalavatagaloa Morriessey (Assistant External Affairs Officer) <i>Venue: Conference Room, Niue Public Service Building</i>	Office of the Secretary to Government, External Affairs Office, Economic and Planning Development Unit, Treasury Department
1.30pm 2.30pm	Lunch (own arrangements) <ul style="list-style-type: none"> • Mr Tutuli Heka (Director of Post and Telecom) • Mr Carlos Tukutama (Technical Manager) <i>Venue: Director's Office, Telecom, Commercial Center</i>	Niue Post and Telecom Department
Tuesday 31st May 2011		
9.00am	<ul style="list-style-type: none"> • Acting Premier Honorable Kupa Magatotia • Honorable Joan Tahafa Viliamu, Minister of Health, Community Affairs and Justice • Honorable Pokotoa Sipeli, Minister of Education, Telecommunications and Department of Agriculture Forestry and Fisheries • Honorable Billy Talagi, Assistant Minister for Taoga Niue, Religion, Environment • Honorable Dalton Tagelagi, Assistant Minister for Youth and Sports Development, Meteorological Services and Climate Change <i>Venue: Cabinet Chambers, Parliament House</i>	Cabinet
10.00am	<ul style="list-style-type: none"> • Mr Kennedy Tukutama (Acting Director of Education) • Mr James Poihega (Niue High School Principal) • Mrs Itzy Tukuitoga (ECE & Niue Primary School Principal) • Ms Cassandra Motufoou <i>Venue: Education Office, Halmahaga</i>	Department of Education
11.00am	<ul style="list-style-type: none"> • Ms Anne McLean (Director of Health) <i>Venue: Niue Foou Hospital, Kaimiti</i>	Department of Health
12.30pm	Lunch (own arrangements)	
1.30pm	<ul style="list-style-type: none"> • H.E Mark Blumsky (NZ High Commissioner) • Mr Taua'asa Tafa'aki (Deputy High Commissioner) <i>Venue: New Zealand High Commission, Tapeu</i>	New Zealand High Commission
3.30pm	<ul style="list-style-type: none"> • Mr Avi Rubin (President Niue Chamber of Commerce) • Mrs Lofa Rex (Vice President Niue Chamber of Commerce) • Gabriel Varea (Business Advisory Service Officer) <i>Venue: Niue Business Center, Utuko</i>	Niue Chamber of Commerce
Wednesday 1st June 2011		
8.30am	<ul style="list-style-type: none"> • Mr. Sauni Tongatule (Director of Environment) • Mr Haden Talagi (Environment Officer) • Mr John Talagi (Environment Officer) <i>Venue: Department of Environment, Fonuakula</i>	Department of Environment
10.00am	<ul style="list-style-type: none"> • Mr Hayden Porter (Senior Tourism Development Manager) • Ms Vanessa Marsh (Tourism Development Coordinator) <i>Venue: Niue Tourism Office, Alofi</i>	Niue Tourism Office
11.30am	<ul style="list-style-type: none"> • Mr. Brendon Pasisi (Director of DAFF) • Mr Brandon Tauasi (Head, Forestry and Quarantine/Bio-security service) • Mr. James Tafatu (Principal Fisheries Officer) • Mr Joe Mahakitau (Admin Manager) • Mr Poi Okesene (SLM Project Coordinator) • Ms. Charlene Funaki (Agriculture Information & Marketing Officer) • New Aue (Biosecurity Officer) • Mr Tom Misikea (Senior Livestock Officer) • Ms Natasha Tohovaka (NPC - FSSLP- FAO/DAFF) <i>Venue: Department of DAFF, Fonuakula</i>	Department of Agriculture, Fisheries and Forestry (DAFF)

Annex 2: Stakeholders Consulted on the Peer Review continued

Time	Representatives	Organisation
12.30pm	Lunch (own arrangements)	
1.30pm	<ul style="list-style-type: none"> • Ms Peleni Talagi (Solicitor General) • Mr Mark Chenery (Chief of Police and Immigration) <i>Venue: Conference Room, Niue Public Service Building</i>	Crown Law and Niue Police and Immigration
3.00pm	<ul style="list-style-type: none"> • Ms Moira Enetama (Director of Taoga Niue) • Mr Robin Hekau (Cultural Officer) <i>Venue: Conference Room, Niue Public Service Building</i>	Taoga Niue (Department of Niue Cultural Heritage)
Thursday 2nd June 2011		
8.30pm	<ul style="list-style-type: none"> • Mrs Gaylene Tasmania (newly appointed Director of Community Affairs) • Mr Fapoi Akesi (outgoing Director) • Ms. Charlene Tukiuha (Women's & Youth Affairs Officer) • Mrs Toe Tukutama (VC & NGO's Officer) <i>Venue: Conference Room, Niue Public Service Building</i>	Department of Community Affairs
9.30am	<ul style="list-style-type: none"> • Ms Shield Palahetogia (President, Niue Youth Council) • Kalavatagaloa Morriessey (Vice President, Niue Youth Council) • Alan Tano Relesi (Secretary General, NISCGA) • Maryanne Talagi (Village Council (Makefu Village Council/ Acting Director USP Niue Campus) • Frank Sioneholo (Chairman Mutalau Village Council/ President Public Service Association Inc.) <i>Venue: Conference Room, Niue Public Service Building</i>	Non Governmental Organisations
11.00am	<ul style="list-style-type: none"> • Honorable Togia Sioneholo (Assembly member) • Honorable Terry Coe (Assembly member) • Honorable Bill Vakaafi Motufoou (Assembly Member) 	Assembly members
12.30pm	Lunch (own arrangements)	
1.30-5pm	Peer Review Team Debrief and Aide Memoire preparations	
Friday 3rd June 2011		
8.30-10am	Peer Review Team Debrief <ul style="list-style-type: none"> • Mr. Richard Hipa (Secretary of Government) • Mrs. Christine Ioane (Director of Cabinet & Parliamentary Services) • Mr. Brendan Beak (Financial Secretary) • Mr Mark Chenery (Chief of Police and Immigration) • Mrs Anne McLean (Director of Health - Department of Health) • Mr Sauni Tongatule (Director of Environment - Environment Department) • Mrs Gaylene Tasmania (Director of Community Affairs) • Mr Kennedy Tukitama (Acting Director of Education/Education Manager - Education Department) • Mrs. Jay Gataua (Senior External Affairs Officer) • Dr. Tim Goode (Strategic Planner) • Mr. Poitogia Kapaga (Budget Manager) • Mr Frank Sioneholo (Head, Trade Unit - EPDS) • Mr. Graham Nootebos (Chief Accountant) • Mrs. Doreen Siataga (Financial Accountant) • Mrs. Margaret Siosikefu (Project Management Unit Manager) • Mrs Itzy Tukuitga (Principal, Niue Early Childhood and Primary School - Education Department) • Mr Robin Hekau (Cultural Officer - Taoga Niue) • Mr James Poihega (Principal Niue High School - Education Department) • Ms Patrisia Hunter (Chamber of Commerce) <i>Venue: Conference Room, NPS Building</i>	All stakeholders consulted during the peer review consultations



Annex 3: Samoa Government Policy Matrix

theme	Near Term Actions	Short Term Actions	Medium Term Actions
Addressing post-tsunami reconstruction	Elevated level of capital expenditure (exceeding the FY2009 level) implementing an interim PSIP that incorporates a costed, post-tsunami reconstruction plan	Elevated level of capital expenditure (exceeding the FY2009 level) implementing an interim PSIP that incorporates a costed, post-tsunami reconstruction plan	Elevated level of capital expenditure (exceeding the FY2009 level) implementing an updated PSIP that is nearing completion of post-tsunami reconstruction
Enhanced economic contribution of SOEs	Action Plan prepared for moving the SOEs to full compliance with the Public Bodies (Performance and Accountability) Act on appointment of board members. Liberalization of telecommunications sector	SOEs fully compliant with the Public Bodies (Performance and Accountability) Act on the appointment of board members. SamoaTel privatized	SOEs compliant with the provisions of the 2001 Public Bodies (Performance and Accountability) Act on community service obligations and corporate planning Compliance with privatization schedule
Reduced cost of doing business		Refinement of Foreign Investment Act Establishment of Personal Property Securities Act	Continued modernization of legislation affecting the establishment and operation of businesses planned
Targeted support for the most vulnerable members of the community	Immediate housing and other living needs of tsunami affected communities met and interim needs being addressed	Findings of the HIES Publicized. Concept paper on the needs of the vulnerable prepared and key interventions to address the issues incorporated in the sector planning/ programming process	Integrate into the next SDS actions that will provide better protection for the most vulnerable members of the community
Maintenance of overall fiscal discipline	Interim update of the medium term expenditure framework to account for the impact of the tsunami	Medium term expenditure framework remains consistent with maintaining a low risk of debt issues	Medium term expenditure framework sets out a trim back of expenditure that will ensure a low risk of debt issues
Enhanced PFM	Stage one of the PFM Reform Plan underway with an emphasis on accounting, audit, procurement and debt and cashflow management	Stage one of the PFM Reform Plan nearing completion and stage two endorsed for implementation. Gradual adoption by development partners of the use of country systems	Stage two of the PFM Reform Plan underway with an emphasis on improving the alignment of expenditure with the SDS Increased shift by development partners to Budget support
Consultation and engagement of stakeholders	Public release of a communications and engagement strategy that explains and provides for effective feedback from the private sector and civil society on key policy actions	Communications and engagement strategy being implemented to explain and provide for effective feedback from the private sector and civil society on key policy actions	Refined communications and engagement strategy feeds into preparation of the next SDS in a consultative and participatory manner