
Australia-Papua New Guinea Economic Partnership (APEP)

Independent Mid-Term Review Evaluation Report

13 June 2025

Submitted by:

Palladium International Pty Ltd

ABN 23 010 020 201

Level 8, 240 Queen Street

Brisbane QLD 4000, Australia

Contact:

Dr. David Carpenter

Director - Design and Performance, APAC

david.carpenter@thepalladiumgroup.com

engagement.apac@thepalladiumgroup.com

Photo Source: Australian Department of Foreign Affairs and Trade and Australian High Commission' Facebook Page



Palladium International Pty Ltd

**Independent Mid-Term Review of the Australia-Papua New Guinea Economic Partnership (APEP)
Evaluation Report**

Acknowledgements

The Mid Term Review was undertaken by Dr David Carpenter, Dr Pamela Kamyra and Mr Nikunj Soni.

We would like to thank the Australian Department of Foreign Affairs and Trade and Government of Papua New Guinea partners for your time in engaging with us.

Disclaimer

This publication has been funded by the Australian Government through the Department of Foreign Affairs and Trade. The views expressed are the author's alone and are not necessarily the views of the Australian Government.

Table of Contents

Acronyms and Abbreviations	4
I. Executive Summary	6
II. Summary of Findings	6
III. Synthesis of Performance Issues	8
IV. Summary of Recommendations	8
1. Introduction	13
1.1 Methodological Considerations	13
1.2 The Australia-PNG Economic Partnership	15
1.3 Key Features of the APEP Design	17
2. Findings	17
2.1 How relevant is APEP?	17
2.2 How effectively is APEP being implemented?	23
2.3 How efficiently is APEP being implemented?	35
2.4 To what extent are the positive impacts of APEP investments likely to be sustained?	38
2.5 To what extent is the facility progressing towards GEDSI goals and objectives, including Women's Economic Empowerment?	40
ANU-UPNG Partnership Case Study	43
2.6 Recommendations	48
3. Conclusion	52

Abbreviations and Acronyms

ABS	Australian Bureau of Statistics
ADB PSDI	Asian Development Bank – The Pacific Private Sector Development Initiative
AHC	Australian High Commission, Port Moresby
ANU	Australian National University
ANU-UPNG	Australian National University-University of Papua New Guinea Partnership
APEP	Australia-Papua New Guinea Economic Partnership
ATO	Australian Taxation Office
BPNG	Bank of Papua New Guinea
CSOs	Civil Society Organisations
DAL	Department of Agriculture and Livestock
DCTI	Department of Commerce, Trade and Industry
DFAT	Department of Foreign Affairs and Trade
DLPP	Department of Land and Physical Planning
DoF	Department of Finance
DoT	Department of Treasury
DPP	Development Partnership Plan
DSA	Debt sustainability analysis
EGIG	Economic Governance and Inclusive Growth
EITI	Extractive Industry Transparency Initiative
EOIO	End-of-Investment Outcomes
GEDSI	Gender Equality, Disability and Social Inclusion
GESI	Gender Equality and Social Inclusion
GRB	Gender-responsive budgeting
GoPNG	Government of PNG
IFC	International Finance Corporation
IFMS	Integrated Financial Management System
IMTR	Independent Mid-Term Review
IPA	Investment Promotion Authority
IPP	Institutional Partnerships Program
IRC	Internal Revenue Commission
KPI	Key Performance Indicator
MIDEC	Master of International Development Economics

MEL	Monitoring, Evaluation and Learning
MERLA	Monitoring, Evaluation, Research Learning and Adaptation
MSD	Market systems development
MTEF	Medium-term expenditure frameworks
MTRS	Medium-Term Revenue Strategy
NEFC	National Economic and Fiscal Commission
NGO	Non-Governmental Organisation
NSO	National Statistics Office
ODA	Official Development Assistance
PACER Plus	Pacific Agreement on Closer Economic Relations Plus
PADs	Project Activity Documents
PAF	Performance Assessment Framework
PALM	Pacific Australia Labour Mobility
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PHAMA+	Pacific Horticultural and Agricultural Market Access Plus Program
PIPP	PNG-Australia Institutional Partnerships Program
PNG	Papua New Guinea
POM	Port Moresby
PSEAH	Preventing Sexual Exploitation, Abuse and Harassment
SBPP	School of Business and Public Policy
SGB	Strategic Governance Board
SGP	Strongim Gavman Program
SME's	Small-to-Medium sized Enterprises
SMT	Senior Management Team
SOEs	State Owned Enterprises
TA	Technical assistance
ToC	Theory of Change
TOR	Terms of Reference
UCT	Upper Credit Tranche
WBRC	Women's Business Resource Centre
WMBL	Women's Microbank Limited

I. Executive Summary

The Australia-Papua New Guinea Economic Partnership (APEP) is the main facility under which Australia delivers economic development support to PNG. APEP is an eight-year (4+4) AU\$200 million investment with an implementation period from 2022-2030. APEP seeks to assist PNG in its efforts to achieve sustainable economic growth and lift the standard of living of all citizens, while also ensuring Australia maintains its reputation as PNG's economic partner of choice.

APEP has five End-of-Program Outcomes (EOPOs):

- EOPO1: PNG economic agencies increasingly provide credible and evidence-based advice that promotes macroeconomic stability.
- EOPO2: PNG economic agencies increasingly apply policies and practices that more efficiently mobilise public revenues and expenditure for inclusive broad-based economic growth and service delivery.
- EOPO3: PNG entities regulate and support more efficient and inclusive functioning of markets to encourage greater formal participation in the economy.
- EOPO4: PNG government, non-government agencies and the private sector are better able to provide inclusive economic opportunities for a wide range of PNG citizens.
- EOPO5: Greater access to relevant evidence (data and research) and greater collaboration on knowledge generation and policy making between the Government of PNG (GoPNG), think tanks and non-government institutions, this includes funding for the ANU-UPNG Partnership.

Programmatically, each EOPO is considered a 'pillar' of the program.

The purpose of this Mid-Term Review (MTR) is to facilitate program improvement through an assessment of the relevance, effectiveness, efficiency and sustainability of APEP, alongside its contribution to Gender Equality, Disability and Social Inclusion (GEDSI) outcomes. The MTR was also tasked to provide high-level recommendations to assist DFAT with decision-making around program direction and design issues, including whether APEP should be extended.

II. Summary of Findings

Relevance

Rated: Satisfactory

APEP's overall objectives remain highly relevant to PNG's development priorities and DFAT's policy commitments, particularly in areas such as fiscal reform, inclusive economic growth, and private sector development. However, this relevance has not consistently translated into a focused or coherent programming approach. While many activities are technically aligned with national priorities, the lack of a shared theory of change, weak strategic integration across pillars, and inconsistent stakeholder engagement have diluted APEP's ability to position itself as a cohesive and strategic partner.

Effectiveness

Rated: Below Expectations

Although APEP has delivered results in some areas, most notably in macro-fiscal advisory support to Treasury and elements of policy-based financing, the program's overall effectiveness is constrained by structural

fragmentation, uneven technical leadership, and weak coordination across pillars. Many activities remain input-focused, with limited evidence of outcomes or sustainable institutional change. Monitoring and evaluation systems have not generated sufficient data to assess contribution pathways, and adaptive learning has been minimal. These gaps have significantly reduced APEP's ability to demonstrate outcome-level progress against its Intermediate Outcomes.

Efficiency

Rated: Below Expectations

Operational bottlenecks, slow contracting, and opaque shared services have significantly delayed delivery. Although the Project Activity Document system has improved activity design, the internal systems remain too centralised and slow to support adaptive and timely implementation.

Sustainability

Rated: Moderate and Fragile

APEP has delivered useful technical inputs, but the programme has not yet institutionalised its tools, nor created sustainable ownership pathways. Without structured handover mechanisms, much of the current progress risks dissipation when adviser support is withdrawn.

Gender Equality, Disability and Social Inclusion

Regarding GEDSI, the program's implementation has primarily focused on mainstreaming GEDSI efforts, such as tagging, safeguards, and internal awareness raising, rather than delivering a balanced portfolio that also includes targeted interventions in areas like Women's Economic Empowerment (WEE). This emphasis on compliance and internal processes has come at the expense of more proactive programming that advances WEE through fiscal policy, budgeting, or private sector engagement. Despite these weaknesses, there are significant opportunities. For example, APEP is well-positioned to elevate its impact on WEE and inclusive budgeting. First, APEP can play a catalytic role in supporting gender-responsive budgeting (GRB) within the Departments of Finance and Treasury. This could include technical advice on incorporating gender-disaggregated data into budget preparation, building tools for expenditure analysis across key sectors such as health, education, and agriculture, and helping align GRB with PNG's broader Medium-Term Development Plan and SDG commitments. This will require the recruitment of short-term technical experts in this area, which should be prioritised.

Second, the rollout of the Integrated Financial Management System (IFMS) presents a unique opportunity to improve expenditure transparency and gender tracking at both national and subnational levels. APEP can work with the Department of Finance to configure IFMS to allow for disaggregated reporting and to develop GEDSI-relevant dashboards that provide actionable insights into how funds are allocated and spent across population groups.

Third, APEP should build on the success of the Mama Bank revolving fund, which exemplifies how GEDSI and economic reform can be meaningfully integrated. The fund supports agribusinesses in the coffee and cocoa sectors by providing below-market interest loans tied to seasonal procurement cycles. By directly financing exporters that buy from thousands of female smallholders, the activity aligns trade, agricultural productivity, and inclusive finance.

III. Synthesis of Performance Issues

The MTR confirms that the programme has made technically credible contributions under EOPOs 1, 2 and 4 in particular. However, these successes are tempered by a broader picture of underperformance, fragmentation, and missed opportunities. APEP's early design failed to establish the coherent architecture, strategic continuity, and leadership required to operationalise its ambitious mandate. The decision to recruit pillar leads prior to the programme director, coupled with the absence of a consolidated theory of change or performance framework, resulted in a disjointed implementation approach. Many pillars evolved independently, often with overlapping or conflicting scopes, and without strong horizontal coordination.

Across pillars, implementation has been hampered by internal systems that are not fit for purpose. The shared services model, though logical in concept, is operationally opaque and centralised. From a performance management perspective, APEP lacks the systems required to generate real-time learning and adaptive programming. While MERLA frameworks exist, they have not been consistently integrated into activity cycles or decision-making. Pillar leads have not routinely used these tools for planning or reflection, and performance appraisal processes remain uneven or absent altogether. The programme has also struggled to define and track institutional change—capacity development has been incidental rather than structured, and the long-term sustainability of tools and reforms remains uncertain.

Despite these limitations, stakeholders across government, civil society, and DFAT continue to express a desire for APEP to succeed. There is a shared recognition that the programme fills a critical niche—providing flexible, policy-oriented technical assistance that few other investments can offer. Recent improvements in leadership, the introduction of Project Activity Documents (PADs), and stronger collaboration on flagship initiatives like the Mama Bank revolving fund illustrate that the programme still holds promise.

To realise this potential, APEP must now shift from fragmented delivery to focused, coordinated implementation. This will require a rearticulation of programme strategy, a realistic narrowing of ambition, and a disciplined approach to activity design and execution. The programme must prioritise fewer, high-value interventions and build demonstrable models of success—particularly in provincial PFM, inclusive finance, and gender-responsive budgeting.

Internally, APEP must professionalise its management systems, restructure shared services, and embed technical leadership that can deliver against sectoral priorities. Cross-pillar collaboration must become the norm, not the exception. Equally, the programme must invest in relationships—with government, with civil society, and with its own team. Performance cannot improve without trust, clarity, and coordination.

In short, the mid-point of APEP's implementation offers a critical opportunity to reset. The building blocks for success are present, but without decisive action, the programme risks continuing to underdeliver. A more focused, smarter, and strategically disciplined APEP can still play a transformative role in PNG's fiscal, and public financial management reform landscape, while supporting private sector and agricultural development. The challenge now is to deliver on that potential.

IV. Recommendations

Based on the evidence collected throughout this MTR, including field interviews, programme documentation, performance data, and stakeholder feedback, there is a clear case for a programme-wide reset. While APEP

remains conceptually relevant and technically capable in some areas, its structural and operational challenges have significantly undermined delivery. The following recommendations offer a pathway to refocus, consolidate, and strengthen the programme's impact over the remaining implementation period and into any future design phase – the figure below outlines a workplan for the proposed pathway.

Note, a range of other specific recommendations around the ANU-UPNG partnership, MEL, efficiency, GEDSI, and sustainability are contained in the body of the report.

This MTR's primary recommendations are:

1. APEP should completely rebuild its programme strategy over the next six months

A core priority over the next six months is to reconstruct APEP's overarching programme logic. The current lack of a shared theory of change has weakened alignment across pillars and reduced the ability of the programme to communicate a cohesive identity. It is essential that APEP introduces a programme-wide theory of change and develops a Performance Assessment Framework (PAF) that clearly links intermediate outcomes to measurable indicators, milestones, and learning mechanisms. This includes identifying a range of sensible, complementary, and integrative themes to coalesce the program around. In particular, greater clarity is needed on how the facility's cross-cutting economic governance functions, such as tax policy, debt management, fiscal forecasting, and payment systems, can interact meaningfully with inclusive finance, trade, and livelihoods programming under other pillars. This will help ensure that pillar-level strategies aren't developed in silos but speak to each other, ensuring the programme can be more than the sum of its parts. This may have cost implications for the program as external expertise may be required to facilitate this strategic reset.

2. APEP should strengthen its technical leadership through the employment of subject matters experts

Several pillars (most notably Pillars 1, 2 and 4) suffer from insufficient subject-matter depth at the leadership level and/or insufficient strategic planning capability, this undermines technical credibility and strategic direction. Where gaps in expertise are persistent, APEP should take steps to restructure pillar leadership or recruit specialists with stronger alignment to the programme's core technical mandates. Moreover, coordination across pillars remains inconsistent. Reform areas such as PFM, resource governance, inclusive markets, GEDSI, and research are inherently cross-cutting. APEP should invest in building cross-pillar coordination capacity through regular joint planning forums, shared outcome reporting, and collaborative workplans.

For example, the cash forecasting workstream under Pillars 1 and 2 could be integrated with support to payment platforms or revenue flows under Pillar 3, while agricultural expenditure tracking could be aligned with rural livelihoods initiatives in Pillar 4. Leadership must shift from individual personalities to structured systems of collaboration. APEP will need to invest in high-level development effectiveness and performance expertise to drive this type of cross-pillar collaboration and coherence.

This recommendation will have cost implications for the programme as high-quality technical staff will need to be recruited and recompensed at a level higher than is currently the case.

3. APEP should take immediate steps to institutionalise its tools and practices within GoPNG agencies

Technical tools and models supported by APEP, particularly in macro-fiscal forecasting and IFMS use, must be transitioned to GoPNG ownership. This will require the development of user manuals, standard operating

procedures, and government-hosted training modules. Capacity transfer should be central to activity design and tracked through dedicated workstreams with measurable capacity benchmarks for GoPNG partners.

To ensure long-term sustainability, APEP should embed training and career pathways for PFM and fiscal analysts. This may include formal partnerships with PNG's universities (e.g. UPNG), a graduate mentorship pipeline, and alignment with GoPNG's internal HR and training systems. These efforts must go beyond one-off workshops to create institutional capacity for ongoing learning and knowledge management.

4. APEP should rationalise its delivery model

The current breadth of APEP's activity portfolio has contributed to fragmentation, over-extension, and weakened focus. Going forward, APEP should concentrate on fewer, high-impact interventions that are scalable and strategically aligned with national reform priorities. A clear set of priority areas should be identified in consultation with DFAT and GoPNG, with a shift toward more programmatic, bundled interventions rather than fragmented stand-alone projects.

Internal operations must also be streamlined. The shared services interface has slowed delivery and reduced visibility for technical teams. APEP should reform its operational model to ensure that pillar leads have greater oversight and access to procurement, HR, and contracting systems. Workflow tracking, timeline dashboards, and process accountability mechanisms should be introduced.

APEP should also review whether its current delivery model, particularly the reliance on a centralised conduit to shared services, remains viable in a programme of this scale and complexity. Consideration should be given to whether decentralised support teams or functional dual-reporting models could alleviate bottlenecks.

5. APEP should enhance partnerships with civil society and academic partners, while strengthening M&E and program-wide learning

To rebuild its credibility and broaden its impact, APEP must restore meaningful engagement with civil society and academic partners and deepen engagement with the ANU-UPNG Partnership. Past engagement with institutions like Transparency International PNG, and the WBRC has demonstrated strong potential—but was not sustained. Future partnerships should be co-designed, clearly scoped, and embedded within pillar strategies.

The programme must also begin to treat GEDSI, MEL, and research outputs as core programmatic inputs rather than peripheral activities. This means using learning products to inform programme design, linking GEDSI indicators to activity outcomes, and involving research partners in shaping reform directions. For example, GEDSI data from Mama Bank and Women's Business Resource Centre (WBRC) can support the integration of gender-responsive budgeting into public financial management workstreams, while academic partners can provide independent validation of results and advise on emerging policy risks. APEP should reposition itself as a learning-driven facility with clear feedback loops and visible adaptation.

6. APEP should design and pilot subnational models

APEP should establish 2–3 provincial demonstration sites that model the full public financial management cycle - from budget formulation to expenditure execution, reporting, and service delivery outcomes. These pilots should integrate IFMS rollout with localised sectoral spending analysis (e.g. in health, education, agriculture) and establish local accountability mechanisms such as audit support or community monitoring.

These models can serve as blueprints for wider replication and will also provide the programme with real-world testing environments to refine its approaches and demonstrate value for money. Partnering with institutions like the National Economic and Fiscal Commission (NEFC), provincial treasuries, and local Civil Society Organisation (CSOs) will be essential to grounding these pilots in realistic and contextually appropriate practices. Consideration should also be given to embedding gender and inclusion markers into these pilots from the outset, including mechanisms for disaggregated data reporting, local women's group participation, and safeguards for inclusive access to services.

7. APEP should strengthen all aspects of GEDSI

To achieve its GEDSI outcomes, APEP must move beyond compliance-driven approaches and ensure gender equality, disability inclusion, and social equity are embedded in both design and delivery. This requires a strategic and operational shift. APEP should integrate GEDSI specialists directly into activity design teams to ensure that PADs include contextually relevant, feasible, and measurable GEDSI actions. GEDSI analysis must inform all stages of the programme cycle, from early diagnostics and stakeholder engagement to implementation and results monitoring.

Monitoring frameworks must include GEDSI-specific indicators (both qualitative and quantitative), and progress against these should be tracked systematically. Activity-level reporting should capture not only inclusion outcomes, but also barriers, unintended consequences, and lessons for adaptive management. The program should ensure stronger alignment between the GEDSI strategy, the MERLA framework, and pillar-level results.

This recommendation has financial implications. To enable the shift required, both human and financial resources dedicated to GEDSI must be increased in line with other comparable DFAT programs. This includes the recruitment of a full-time GEDSI lead with senior performance influence, supplementary technical inputs in WEE and inclusive budgeting, and operational funding for co-designed initiatives with local partners.

Finally, a redesigned APEP should clarify that GEDSI is not only a cross-cutting principle but a distinct outcome area requiring dedicated investment, programming, and influence within the broader governance and economic reform agenda. Treating GEDSI as both an internal obligation and an external strategic opportunity will allow APEP to make meaningful contributions to inclusive growth in PNG.

8. APEP should refresh its 'Ways of Working' with DFAT

APEP and DFAT should use the programme reset suggested herein as an opportunity to rebuild trust by refreshing the existing 'ways of working'. At the strategic level this will involve elevating engagement between APEP technical staff and DFAT's Minister Counsellor. This will provide much needed strategic direction, while assisting with the management of risks and coherence across DFAT's aid programme. At the programme level, this will involve developing clear entry points for substantive engagement at the pillar and activity levels, including early engagement around new activities, the rationalisation of PADs, joined up learning opportunities, informal and formal programme updates, and externally facilitated systematic 'health checks'. APEP and DFAT (Economics) team 'ways of working' with other DFAT teams (e.g. GEDSI) and aid programmes (e.g. PIPP) also needs to be more clearly articulated and time and resources set aside to engage with these important actors. In addition, APEP's MERLA system needs to monitor the extent to which the 'ways of working' has been strengthened. There are financial implications for this recommendation as it may be prudent for an independent expert to support the recalibration of the ways of working suggested herein.

9. DFAT should extend APEP into a second phase provided it makes demonstrable progress against the suggested reform pathway over the next nine months

While the program faces significant challenges, it is possible to turn things around if the recommendations herein are adopted and progress against the reform pathway monitored closely. The evaluation team considers that APEP retains significant latent value and a credible role in Australia's broader economic partnership with PNG. **As such the evaluation team recommends that DFAT extend APEP into a second phase only if demonstrable and measurable progress is achieved against the reform pathway within the next nine months.** It is important that an internal APEP change management team, ideally anchored within the SMT and including the Director, senior technical leads, and the MEL manager, drive the type of operational and cultural shifts required. This team should work in close partnership with DFAT to ensure alignment of strategic priorities and accountability for implementation. Supplementary support via Abt Global corporate staff, while valuable, is unlikely to result in the type of institutionalisation required unless it is embedded within internal programme leadership and systems and may just lead to the same issues re-occurring.

This recommendation will have cost and resourcing implications for DFAT. As DFAT will need to allocate a dedicated, officer (~0.5 FTE), ideally with a strong background in performance oversight and program implementation to actively monitor and steer the change process. This officer could be supported by a Development Effectiveness STA or MERL adviser, if required. Clear reporting milestones, linked to the Gantt-style reform roadmap presented in this report, should guide performance assessment during this transition period.

1. Introduction

The purpose of this Mid-Term Review (MTR) is to facilitate program improvement through an assessment of the relevance, effectiveness, efficiency and sustainability of APEP, alongside its contribution to Gender Equality, Disability and Social Inclusion (GEDSI) outcomes. The evaluation has both summative and formative components. The summative component assesses design issues and APEP's progress to date, while reviewing lessons learned and recommending changes needed to improve implementation as APEP nears the end of phase one of implementation. The formative component analyses the potential usefulness of additional support to allow a decision on future funding and overall strategic direction. The MTR provides high-level recommendations that can assist DFAT with decision-making around program direction and design issues, including whether APEP should be extended with or without a minor or major re-design or other changes to programming and/or operations that may be required to improve effectiveness, efficiency and sustainability.

This report is structured as follows. This introductory section provides details of the evaluation's scope, limitations and methodology, alongside an outline of APEP's end-of-program and intermediate outcomes and key features of the design. Section 2 presents the findings against each of the six primary evaluation questions, supporting secondary questions and the ANU-UPNG case study. Section 2.6. provides a number of recommendations. Section 3 presents a conclusion.

1.1 Methodological Considerations

Scope

This MTR includes in its scope all the activities, partnerships, organisational systems and implementation strategies from the time of program commencement in March 2022 to April 2025. The MTR assesses and provides recommendations regarding APEP's performance during the inception period and under the Year 1 and 2 implementation schedules. In addition to addressing the evaluation questions under Section 2 below, this MTR also includes a case study of the Australian National University-University of Papua New Guinea (ANU-UPNG) Partnership. The findings from this case study will help inform the future direction of this component, including whether it should remain under APEP or be implemented separately.

Limitations

Two key limitations were around the availability of data, including baseline data, and the absence of theories of change or program strategies that could be used to assess progress at the intermediate outcome level as is necessary at the midpoint of implementation. The various issues with program level monitoring and evaluation and the absence of an appropriate performance assessment framework have presented challenges for the evaluation team as discussed at length in this report. The evaluation team have drawn on their extensive experience designing, evaluating and implementing DFAT programs in PNG and elsewhere to overcome these limitations and form a view on progress to date.

Approach

A utilisation-focused, collaborative approach was used for this MTR. Evaluations are ultimately judged by their utility *i.e.*, their actual use by 'real people in the real world'. While independent evaluations play an important role in ensuring accountability and assessing performance, it is the salience and utility of their recommendations that are the hallmarks of a high-quality evaluation. The collaborative approach outlined in the Evaluation Plan sought to maximise the utility of the evaluation for the primary intended users, *e.g.*, DFAT staff

who must make decisions on the future direction of APEP. Several fundamental principles underlie utilisation-focused evaluations; these include:

- the identification and close collaboration with primary intended users
- a commitment to use by intended users
- careful and thoughtful stakeholder engagement
- the customisation of evaluation designs based on situational issues; and
- high quality participation¹.

The way in which these principles were operationalised throughout the various phases of the evaluation is outlined in the Evaluation Plan, which should be read in conjunction with this report.

Methodology

This MTR adopted a qualitative mixed methods approach, which included the conduct of semi-structured interviews, focus group discussions and document analysis. Semi-structured interviews are a qualitative method of inquiry that use a set of open-ended questions to explore themes and issues salient to an evaluation. A semi-structured interview does not limit respondents to a set of pre-determined answers but instead prompts key informants to delve into the context and pursue issues that may not have been raised. Semi-structured interviews target key informants. Key informants are individuals who are likely to possess information and insights on the topics being investigated, especially those who have first-hand knowledge about the specific situation under investigation.² In this case these are people who have first-hand knowledge of the issues that were investigated under the six evaluation questions and ANU-UNPNG Case Study. The categories of key informants for this evaluation included:

- **Category 1 DFAT and other Australian Government staff:** including DFAT staff at Post engaged in the oversight of APEP and other DFAT and Australian Government staff involved in policy and strategic issues.
- **Category 2 Counterparts from the Government of PNG:** including officials directly involved in the governance, planning and implementation of APEP activities, including senior staff who can provide policy overviews; agency staff who can provide an overview of technical issues; and staff who can provide context regarding shifts in policy and the relationship between Australia and the GoPNG.
- **Category 3 APEP/Abt Global/ANU-UNPNG staff:** including corporate and subcontracted staff directly involved in the management and implementation of APEP activities, including advisers working with PNG agencies, senior management team members, former staff members, operational and project management staff.
- **Category 4 Third Party Experts:** including well-informed experts who have a detailed knowledge of economic policies in PNG.

¹ Patton, M (2000) "Utilisation-Focused Evaluation", in Stufflebeam, D.L., Madaus, G.F., and T. Kellaghan (eds) *Evaluation Models*, Boston: Kluwer Academic Publishers

² Kumar K (1989) Conducting Key Informant Interviews In Developing Countries, A.I.D. Program Design and Evaluation Methodology Report No. 13, Centre for Development Information and Evaluation, Agency for International Development, Washington D.C.

- **Category 5 APEP Partners:** Private sector partners and other donor programs who have knowledge of APEP's activities through contractual or collaborative engagements.

A small number of focus group discussions were used to gather evidence from APEP staff who undertake similar roles on the program (e.g. Program Managers, staff with specific technical expertise etc). This helped identify common issues across these staffing profiles, while also capturing context specific information. A total of 65 key informants were interviewed as part of the evaluation.

This evaluation also drew on a vast range documentation to understand the context of implementation and progress to date. Over 100 documents were analysed as part of the evaluation. Categories of documents available to the evaluation team included:

- **Category 1:** Program-related documentation (e.g., design documents, annual reports, activity reports, APEP management documents, Monitoring, Evaluation and Learning documentation, strategic and planning documents)
- **Category 2:** DFAT documentation (Investment Monitoring Reports, Partnership Performance Assessments, strategies, policy documents)
- **Category 3:** Grey literature from development cooperation partners, multilateral banks, and civil society groups on topics germane to the evaluation
- **Category 4:** Academic literature on topics germane to this evaluation, and
- **Category 5:** Government of PNG policies and plans.

Key documents in each category were prioritised and systematically analysed to better understand the context of implementation and progress to date. This process occurred alongside the conduct of semi-structured interviews as these interviews were also used to clarify issues emerging from the document analysis. The qualitative data from key informant interviews and document analysis were analysed using standard qualitative coding techniques, including the use of orienting concepts and provisional codes that pertain to the evaluation criteria, and other issues that were consistently emerging through the data. These issues and themes were discussed on a weekly basis between the evaluation team. Triangulation methods were employed to mitigate recall bias and to corroborate the insights emerging from the qualitative data. In particular, the evaluation team reviewed contemporaneous documentation and data relating to evidence gathered through interviews. Data source triangulation was used to ensure that insights emerging from data analysis were valid and credible.

1.2 The Australia-PNG Economic Partnership

The Australia-Papua New Guinea Economic Partnership (APEP) is the main facility under which Australia delivers economic development support to PNG. APEP is an eight-year (4+4) AU\$200 million investment with an implementation period from 2022-2030. APEP seeks to assist PNG in its efforts to achieve sustainable economic growth and lift the standard of living of all citizens, while also ensuring Australia maintains its reputation as PNG's economic partner of choice.

APEP has five End-of-Program Outcomes (EOPO) and 12 Intermediate Outcomes (IO):

- EOPO1: PNG economic agencies increasingly provide credible and evidence-based advice that promotes macroeconomic stability.
 - IO1 – Debt sustainability

- IO2 – Policy-based loan and budget support management
- IO3 – Revenue and expenditure management
- IO4 – Macroeconomic management
- EOPO2: PNG economic agencies increasingly apply policies and practices that more efficiently mobilise public revenues and expenditure for inclusive broad-based economic growth and service delivery.
 - IO5 – Financial analysis
 - IO6 – Subnational public financial management for service delivery and inclusive growth
- EOPO3: PNG entities regulate and support more efficient and inclusive functioning of markets to encourage greater formal participation in the economy.
 - IO7 – Better business enabling environment
 - IO8 – Increased economic diversity
- EOPO4: PNG government, non-government agencies and the private sector are better able to provide inclusive economic opportunities for a wide range of PNG citizens.
 - IO9 – Agricultural growth and livelihoods
 - IO10 – Sustainable governance of natural resources
- EOPO5: Greater access to relevant evidence (data and research) and greater collaboration on knowledge generation and policy making between the Government of PNG (GoPNG), think tanks and non-government institutions, this includes funding for the ANU-UPNG Partnership.
 - IO11 – Partnerships for research, dialogue and improved transparency
 - IO12 – Gender Equality, Disability and Social Inclusion (GEDSI)

EOPO's 1 and 2 were novated into the APEP facility from the previous Economic Governance and Inclusive Growth (EGIG) program (2016-2022), which sat under the PNG Governance Facility (PGF). In all, 23 activities from the EGIG program and 39 personnel were moved to APEP upon its inception, including nine long-term technical advisers based in the Departments of Finance and Treasury and the Internal Revenue Commission. The maintenance of advisory support to key economic departments provided continuity around key activities, particularly those focused on safeguarding macroeconomic stability (EOPO 1) and strengthening public financial management (EOPO 2)³. EOPO 3 includes some elements from the previous program and some new elements, while EOPO's 4 and 5 cover new areas. EOPO 4 is divided into two sectoral investment streams: one in agriculture (IO 9) and the other focused on support to communities within the catchments of resource projects (IO 10). APEP adopts a cross-cutting focus on Gender Equity, Disability, and Social Inclusion (GEDSI) and Women's Economic Empowerment (WEE).

Abt Global were contracted by DFAT to manage the implementation of APEP. APEP's senior management team (SMT) consists of a Project Director, who provides strategic and operational leadership, supported by five 'Pillar

³ See Australia-PNG Economics Partnership, Investment Monitoring Report, 2023

Leads' (with a 'Pillar' corresponding to each EOPO), who are responsible for strategic programming at the pillar level. Operational support is provided via Abt Global's Shared Services, which, in addition to APEP, supports five other programs in PNG. The DFAT Economics team at the Australian High Commission (AHC) oversees APEP's implementation. This team includes activity managers allocated to each pillar. These managers approve workplans and activities, engage in strategic dialogue with the APEP SMT, review six-monthly and annual reports, manage risks on behalf of DFAT, liaise with GoPNG counterparts and assess APEP's and Abt Global's performance.

1.3 Key Features of the APEP Design

The design of APEP sought to elevate some key governance, management and thematic issues in response to a review of predecessor programs. First, as noted in the design⁴, APEP sought to embed a stronger GoPNG–Australian Government (GoA) partnership approach to both governance and management, including the introduction of new mechanisms for bilateral economic policy dialogue at senior officials level, through a high-level Strategic Governance Board, and at the working level, through technical working groups. Second, and relatedly, it called for the co-design of activities and the joint monitoring of GoA's contribution to economic development in PNG. Third, the design highlighted how APEP would support the AHC with improving coordination, collaboration and coherence across the GoA's economic investments, through the provision of strategic advice – including better coordination with programs such as the PNG-Australian Institutional Partnerships Program (PIPP). Fourth, the design articulated new structures to support DFAT's leadership of coordination efforts to ensure coherency of Australia's aid to central economic agencies and the agriculture sector. This included support for DFAT to convene quarterly partner forums in the agriculture sector, engage whole-of-government partners in planning and review processes, and develop an annual statement of economic investments.

In addition, the design also highlighted the importance of using the DFAT Performance Assessment Framework for Facilities (PAF) to monitor performance across a wide range of domains (not just the effectiveness of implementation), it prioritised a geographical focus on Western Province, and it elevated focus on Gender Equality, Disability and Social Inclusion (GEDSI). The design called for a more explicit, visible, and outcome-oriented approach to gender and women's economic empowerment and highlighted the need for a stronger strategic narrative to connect activities across the portfolio that have relevance to gender equality and women's economic empowerment, including women's participation in the formulation of economic policy and their exclusion from formal market systems.

2. Findings

2.1 How relevant is APEP?

How does the support provided by APEP align with, and advance, the strategic and policy priorities of the Government of PNG and Australia's international development priorities?

APEP is the primary vehicle through which Australia provides targeted economic support to PNG. This support remains highly relevant in the context of PNG's economy, Australia's strategic objectives, and the focus of Australia's development program in PNG. On the economic development front PNG continues to face a range of budgetary challenges. While PNG has experienced modest headline growth over many years, this has not translated into appreciable growth in per capita GDP. Poverty levels remain very high, particularly in remote and

⁴ Investment Design Document, Australia-PNG Economic Partnership 2021

regional areas, and access to electricity, education and health services has stagnated and, in some regions, gone backwards. PNG remains in the low human development category on the UN Human Development Index, ranked 155 from 189 countries on that index⁵. According to the World Bank there is a need to foster greater economic stability, boost productivity, develop human capital and provide greater access to economic and social infrastructure⁶, priorities which APEP can play a strong role in supporting under its various pillars.

Since 2020, Australia has provided over AUD 3.1 billion in non-ODA budget support to PNG, underpinned by mutually agreed conditions focused on fiscal stability, prudent borrowing, and reform of economically unviable investments. This support is aligned with PNG's commitments under the IMF Upper Credit Tranche (UCT) programme, which reinforces discipline in budget formulation, debt transparency, and financial oversight.

APEP's contribution to this broader agenda, particularly under EOPO1, is timely and important. Under EOPO1, APEP supports four intermediate outcomes: (i) debt sustainability, (ii) policy-based loan and budget support management, (iii) revenue and expenditure management, and (iv) macroeconomic forecasting. Together, these outputs form the technical backbone for stabilising PNG's fiscal position and creating an enabling environment for inclusive economic growth.

IO1 (debt sustainability) is particularly relevant, as PNG's debt-to-GDP ratio has grown substantially, making robust debt modelling and concessional borrowing strategies essential. APEP's tools in this area have helped the Department of Treasury assess the implications of new borrowing and comply with IMF and domestic thresholds.

IO2 (policy-based loan and budget support management) directly supports the coordination of external financing, including Australia's budget support, and links this to performance benchmarks such as timely budget reporting and the passage of key economic legislation. This IO ensures that external finance is predictable, conditional, and aligned with macroeconomic reforms.

IO3 (revenue and expenditure management) supports long-term fiscal sustainability. With PNG's tax-to-GDP ratio still low and expenditure execution weak, APEP's inputs into tax policy reform (e.g. Income Tax Act) and non-tax revenue forecasting contribute to better fiscal planning. However, gaps remain in expenditure analysis and tracking, particularly at the subnational level.

IO4 (macroeconomic forecasting) is the most mature area of support. Treasury officials widely recognise the value of APEP's modelling assistance, including baseline and scenario analysis, inflation assumptions, and commodity revenue forecasting. These tools have been instrumental in preparing the 2023 and 2024 budgets and meeting IMF structural benchmarks.

In the current environment, marked by fiscal consolidation, high inflation, and fragile external balances, EOPO1's components are not only relevant but essential. Of the four IOs, IO1 and IO4 stand out as the most technically embedded and institutionally visible, while IO2 and IO3 require stronger cross-agency coordination and clearer ownership pathways, especially with the Department of Finance (DoF) and the Internal Revenue Commission (IRC). What may be missing from the current EOPO1 structure is a more explicit focus on medium-term expenditure frameworks (MTEF) and fiscal risk analysis, especially relating to State Owned Enterprises (SOEs), natural resource volatility, and contingent liabilities. Integrating these aspects would help strengthen PNG's macro-fiscal resilience and enable more strategic resource allocation.

⁵ See: Country Insights | Human Development Reports

⁶ See: Overview: Development news, research, data | World Bank

The programme's focus under EOPO2 directly supports key national strategies, including the Medium-Term Revenue Strategy (MTRS), the IMF-supported reform programme, and the Public Expenditure and Financial Accountability (PEFA) framework. APEP's emphasis on macro-fiscal forecasting, debt sustainability, tax reform, and digital financial management systems responds to genuine demand from central agencies and complements broader fiscal reform efforts led by PNG's development partners, including the IMF, World Bank, and ADB.

At the national level, the programme continues to be valued by senior officials in the Department of Treasury (DoT), where APEP advisers are viewed as responsive and technically credible. APEP's role in supporting PNG's engagement with the IMF Upper Credit Tranche programme has been particularly important, enhancing fiscal discipline and contributing to greater transparency in budget preparation. However, this alignment has not always translated into consistent or deep institutional engagement across other key actors in the economic governance space.

Engagement with DoF and the IRC remains ad hoc and relationship dependent. While support has been offered, there is limited evidence of a strategic or sustained approach to working with these agencies. Stakeholders interviewed during the field mission reported inconsistent communication, minimal follow-up, and a lack of clarity about APEP's scope, comparative advantage, and available resources. In particular, the IRC has continued to rely more heavily on its established partnership with the Australian Taxation Office (ATO), which it views as more structured and responsive than the APEP facility.

At the subnational level, relevance is constrained by limited visibility and unclear pathways for engagement. Many provincial stakeholders are unaware of APEP's potential role or support options, and the absence of clearly defined provincial entry points has limited uptake. There is currently no articulated subnational strategy or mapping of needs, which has made it difficult for the programme to respond to provincial priorities or align with emerging reform momentum at the local level.

The programme's focus under EOPO3 aligns with the economic growth, diversification and private sector reform ambitions outlined in GoPNG's Development Strategic Plan 2010-2030. Economic growth in PNG has been driven by the extractive industry and there is a strong need to diversify revenue sources. Entrepreneurialism and formalisation are critically important in this context. A wide range of issues continue to constrain the efficiency and inclusiveness of markets in PNG. Existing PNG businesses face a wide range of 'doing business' issues especially around starting a business, paying taxes, trading across borders, enforcing contracts and registering property⁷. In addition, there are a wide range of other enabling issues which constrain efficient market operations including lack of access to finance and financial services at various levels, a requirement for high start-up capital, limited market information and significant human capital constraints.

APEP's work, as articulated through its Pillar 3 strategy focuses squarely on Small-to-Medium sized Enterprises (SME's). This strategic orientation is significantly different from that outlined in the APEP design⁸, which emphasised working with PNG government regulatory agencies, supporting DFAT in the coordination of its broader private sector development portfolio (including support for PHAMA+, IFC, ADB PSDI etc) and addressing critical issues such as land reform. The reorientation towards focusing on SME's was emphasised by DFAT after the inception period (and after foundational work on Pillar 3 had been initially undertaken). This re-orientation led to some delays in programming under this pillar as discussed under Section 2.2.

⁷ See: Doing Business in Papua New Guinea - World Bank Group

⁸ See pp. 9-10 Investment Design Document, Australia-PNG Economic Partnership 2021

The Pillar 3 strategy focuses on 1) Enabling access to and uptake of financial services (for SMEs and individuals), 2) Boosting the capacity of organisations and service delivery partners to meet entrepreneur and SME business needs, and 3) Supporting policy and legislative settings to create an improved business enabling environment. These focus areas remain highly relevant in the context of PNG's SME Policy (2023). However, as with APEPs other pillars, relevance is constrained by a lack of strategic clarity around its engagement in these three areas and how they complement each other. DFAT has struggled to understand the broader rationale behind APEPs activities in this space, and this has resulted in a high proportion of Project Activity Documents (PADs) being rejected under Pillar 3.

While the strategic intent of Pillar 3 was to strengthen market systems and inclusive economic growth, in practice, the relevance of Pillar 3 activities to core APEP objectives has been mixed. The pivot away from a market systems development (MSD) approach to a more fragmented SME support model, driven largely by DFAT direction in 2023, has significantly narrowed the potential systemic impact of the Pillar. In general activities under Pillar 3 have lacked strategic focus and coherence. Interventions such as business development training, digital financial literacy, and micro-enterprise support have often been designed in isolation from broader APEP priorities and have not clearly articulated a pathway to Intermediate Outcomes. The Women's Business Resource Centre (WBRC) partnership, for example, while relevant in intent, has not yet translated into scalable or replicable models due to delays in implementation and limited linkage to government policy frameworks or regulatory reform processes.

The core weakness under Pillar 3 lies not in the technical merit of individual activities but in the absence of a cohesive, value-adding narrative that connects these interventions to national economic reform priorities. There has been limited engagement with key economic agencies such as the Department of Commerce, Trade and Industry (DCTI), the Investment Promotion Authority (IPA), or the Bank of Papua New Guinea (BPNG), resulting in missed opportunities to influence policy, financial sector development, or MSME regulation.

Given these findings, there is a strong rationale for re-scoping the Pillar in Phase II to re-align with a more strategic and catalytic function. This could include a clearer focus on inclusive rural value chains, financial market development, and enabling regulatory reforms, while leveraging APEP's comparative advantage in long-term TA, analytical tools, and multi-stakeholder coordination. A unifying framework that ties P3's work to EOPO2 and EOPO4, particularly through targeted support to tradable sectors (e.g. agriculture, agribusiness, and logistics), will be essential to restoring the Pillar's relevance and coherence. To effectively implement such a re-scoping adds weight to the need to improve the Ways of Working between APEP and DFAT.

APEP's work under EOPO4a focuses on strengthening agricultural growth and livelihoods (IO9). This work is supported by a Pillar Strategy that's includes four strategic objectives (SO's):

- SO 1 - improving the efficiency and effectiveness of coffee, cocoa, and vanilla value chains, with a focus on value-added exports
- SO 2 - improving the efficiency and effectiveness of fresh produce value chains with a focus on domestic markets
- SO 3 - improving the livelihoods and food security in remote rural communities through agriculture and livestock support, and
- SO 4 - improving plant and animal biosecurity.

The four SO's include 14 'opportunity focal areas' in extension and training, certification, financial services, technology adoption, market access and organisational capacity development, amongst others. Together, the

SO's and their respective focal areas include within their scope virtually every component of the agricultural value chain. As a result, APEP's agricultural portfolio includes a broad suite of disparate activities that are somewhat incoherent in nature, these include investment in a potentially very impactful revolving fund (see Section 2.2 for further discussion), employment of a policy adviser in the Department of Agriculture and Livestock (DAL), investments in solar dryers for cocoa production, feasibility studies in maize and fisheries, digitization of DAL publications (since the 1930s), biosecurity roadmaps and advisory support, and a diverse array of agricultural studies⁹.

In the first two years of implementation APEP pillar 4 staff focused on integrating MDF's MSD-type activities into its portfolio, alongside PHAMA+ legacy activities. The integration of legacy activities into APEP's early portfolio was managed with significant operational effort, but without a clearly defined strategic framework to guide prioritisation or coherence. MDF activities, focused on market systems development for fresh produce and rural livelihoods, were novated into APEP with limited adaptation to the program's evolving objectives or stakeholder landscape. Similarly, PHAMA+ activities, centred on regulatory systems, commodity certification, and biosecurity, were inherited with an implicit assumption of continuity, despite their top-down, government-facing nature contrasting with MDF's private sector-led, bottom-up approach. While APEP made efforts to operationally integrate these distinct modalities, for example through joint stakeholder consultations and the retention of some technical staff, the absence of a unified agriculture and trade strategy meant that linkages between value chain development, regulatory reform, and rural enterprise support remained ad hoc. A more effective approach would have involved a deliberate mapping of inherited activities against end-of-programme outcomes, clearer articulation of the respective value propositions of PHAMA+ and MDF modalities, and early development of a unified theory of change for the agriculture-trade-finance nexus. This would have enabled APEP to align interventions, define complementarities, and avoid portfolio sprawl.

Stakeholders interviewed for this evaluation (whether from DFAT, GoPNG, GoA, or the private sector) were of the view that more needs to be done to consolidate and re-focus APEP's agriculture portfolio around some key priorities to ensure it can be as relevant and impactful as possible noting the limited annual budget (~A\$ 6.5 million) and wide range of needs in the sector. The evaluation team understands this will be a key focus for the APEP team over the next six months. This strategic consolidation should be informed by GoPNG's clearly stated priorities around commercialization, jobs and SME development (as highlighted by senior DAL officials consulted as part of this evaluation and PNG's National Agriculture and Livestock Implementation Plan 2024-2033); economic analysis on key sub-sectors that have the potential to grow GDP and create jobs; and a review of which existing Australian funded investments can be scaled up and have the most impact. Considering the breadth of Australian investments in agriculture in PNG, this strategic thinking should be informed by consultations with DAL, other Australian actors and the AHC's broader priorities in agriculture. Efforts should also be made to develop activities that complement and build on the work undertaken under other pillars (Pillar 3 in particular).

One of the most promising and contextually relevant initiatives under Pillar 4a is the Mama Bank Revolving Fund. This activity directly addresses seasonal liquidity constraints in the coffee sector by providing concessional working capital to small exporters, thereby enabling bulk purchases from smallholders during peak harvest. The activity builds on prior lessons from MDF, and early evidence indicates it has helped expand high-grade coffee procurement by up to 122% for participating exporters, while also reaching over 10,000 smallholder farmers. Importantly, it integrates financial intermediation with export readiness, certification, and inclusive business

⁹ See APEP Six Monthly Progress Report, January-June 2024

practices, making it one of the few examples of genuine cross-pillar synergy (with Pillar 3) and policy alignment (with Pillar 2).

APEP's work under EOPO 4b focuses on the sustainable governance of natural resources (IO10). Objectives under the Pillar Strategy include strengthening the evidence base to inform better decision making in the resources sector, supporting the implementation of provincial reporting in line with the Extractive Industry Transparency Initiative (EITI), strengthening civil society voices in the resources sector, and building the capacity of provincial and local stakeholders. These focus areas are highly relevant in the existing economic development, governance and policy-making context, but present risks that need to be better managed as discussed under Section 2.2.

APEP's work under EOPO5 (Greater access to relevant evidence, data and research), includes two intermediate outcomes: IO11 (Partnerships for research, dialogue and improved transparency), and IO12 – Gender Equality, Disability and Social Inclusion (GEDSI). APEP's focus under IO11 was consolidated after the development of strategic documentation that emphasised a focus on (1) identifying and filling information gaps affecting the work of GoPNG agencies, (2) strengthening early career researchers, (3) agriculture and economic research organisations, and (4) the promotion of dialogue with stakeholders about the value of research and the application of recommendations by decision-makers. This has resulted in a pillar that is more coherent, relevant and complementary than was the case two years ago. Pillar 5's advisory support in the National Statistics Office (NSO), is highly relevant (noting the IMF obligations) and complements the Australian Bureau of Statistics (ABS) work funded under the PNG-Australia Institutional Partnerships Program (PIPP) and APEP's work under EOPO's 1 and 2.

The ANU-UPNG program is also highly relevant as discussed in the case study below and can be made more so if efforts are made to integrate it further into APEP.

The relevance and effectiveness of APEP's work under IO12 is discussed under Section 2.5.

To what extent has APEP been able to respond to emerging priorities while maintaining strategic clarity and direction?

Strategic clarity is an issue for the program across the board as noted at length above. Strategically, most pillar-level frameworks are thin, ad hoc, and disconnected from broader outcomes. The pillar-level frameworks cannot be considered 'strategies' as they do not provide sufficient guidance around activity selection, linking activities with intermediate outcomes. There remains a 'missing middle' from a strategic programming point of view. The interviews revealed a pattern of fragmented implementation, underdeveloped strategy-to-activity linkage, and a persistent disconnect between the stated outcomes of the programme and the means by which those outcomes are pursued.

In the absence of strategic clarity, programs may respond reactively to emerging issues and drift further off course, or they may suffer from pillar-level incoherence due to an absence of strategically informed selection criteria (see discussion of Pillar 4a above). We have seen the coherence of pillar-level strategies diminish over time. DFAT's evolving expectations, combined with insufficient internal planning and adaptive learning, have left the programme without a strong strategic anchor. As a result, even well-aligned technical interventions risk becoming fragmented and transactional. Despite there being many opportunities for more effective collaboration across pillars, these opportunities are not being grasped for a range of reasons, part of the reason is strategic in nature, but it is also affected by the pillar like structure of APEP, and management's inability to drive collaboration around key issues, as explained in Section 2.3.

APEP is still very important when it comes to supporting national policies and goals. However, the way the program has been run hasn't always turned that importance into strong working relationships, well-planned activities, or joined-up reforms. To get better results, APEP needs to be more active in how it works, involve more people, and have a clearer focus. This will help the program make a bigger difference across all parts of government and the wider community.

Assessment Summary:

Relevance

Rated: Satisfactory

APEP's overall objectives remain highly relevant to PNG's development priorities and DFAT's policy commitments, particularly in areas such as fiscal reform, inclusive economic growth, and private sector development. However, this relevance has not consistently translated into a focused or coherent programming approach. While many activities are technically aligned with national priorities, the lack of a shared theory of change, weak strategic integration across pillars, and inconsistent stakeholder engagement have diluted APEP's ability to position itself as a cohesive and strategic partner.

2.2. How effectively is APEP being implemented?

To what extent is APEP progressing towards its five End of Program Outcomes and 12 Intermediate Outcomes, including alignment with the Australia-PNG Development Partnership Plan (2024-2029)?

EOPO1: PNG economic agencies increasingly provide credible and evidence-based advice that promotes macroeconomic stability

IO1: Debt Sustainability

APEP has provided strong technical support to help the PNG Treasury improve how it manages debt. This includes the development of concessionality models and debt sustainability analysis (DSA) tools, which are being used to assess borrowing options, especially as part of the Government's engagement with the IMF. These tools have helped the Treasury meet conditions under the IMF programme and make more informed decisions about concessional versus non-concessional loans. However, the use of these tools is still largely dependent on individual advisers. The tools have not yet been fully embedded into internal systems and training. Without this kind of institutional ownership, the long-term sustainability of APEP's work in this area remains fragile, particularly as staff turnover in the Treasury remains high and capacity development has not been systematically planned.

Further emphasis is needed on formalising these tools within standard operating procedures, integrating them into Treasury's annual debt strategy cycle, and building a cadre of trained PNG staff capable of using them independently.

IO2: Policy-Based Loan and Budget Support Management

APEP has played a central role in helping PNG meet its commitments under international budget support agreements. Advisers have supported the preparation of macroeconomic frameworks and policy matrices required for World Bank, ADB, and IMF loans. These contributions have been timely and technically sound and have helped the Government stay on track with policy-based loan requirements. APEP has also supported the Government's engagement with donor budget support processes, especially by helping to develop the

frameworks behind these loans. However, this work is concentrated in a few individuals within the Treasury and does not yet reflect a broader whole-of-government approach. Coordination with the Department of Finance (particularly for budget execution and reporting) remains weak.

There is also limited capacity within the Government to monitor and report on budget support milestones independently of adviser input, which poses a risk to long-term ownership. Addressing this will require a clearer strategy for embedding performance matrices into Treasury workflows and enhancing inter-agency coordination mechanisms.

IO3: Revenue and Expenditure Management

APEP has supported some progress on revenue policy and budgeting, notably by contributing to fiscal forecasting, advising on income tax reforms, and providing input to the development of non-tax revenue strategies. Technical work on the 2023 and 2024 national budgets has been well received. APEP has also provided some targeted support to the Internal Revenue Commission (IRC), particularly on visibility and case management systems. However, the engagement with IRC has been disjointed, with little linkage to the broader PFM reform effort. On the expenditure side, APEP's support to IFMS rollout and financial control systems has resumed, especially in pilot areas like Western Province. Yet subnational engagement remains limited in both scope and impact. Provinces still lack the capacity and systems to use financial data effectively, and there is little integration between expenditure tracking and actual service delivery. Budget execution is not yet being used as a tool for planning or improving frontline services. This weakens the impact of APEP's technical work at both central and provincial levels.

For IO3 to reach its potential, there is a need to foster stronger links between central revenue and budget functions, and to build subnational capacity to plan and monitor expenditures in line with national standards. Coordination between the Department of Finance and service ministries should also be improved.

IO4: Macroeconomic Management

This is perhaps the strongest area of APEP's work. Advisers embedded within the Treasury have delivered high-quality macroeconomic modelling and analysis, which has supported the preparation of annual budgets and helped PNG meet its IMF commitments. This includes work on GDP forecasting, sensitivity testing, fiscal anchor modelling, and broader economic scenario analysis. The Treasury team now has access to reliable, updated economic data and projections, much of which has directly informed decision-making during the budget cycle. However, similar to IO1 and IO2, much of this work relies on individual advisers rather than being institutionalised within Treasury systems or training pipelines.

Moreover, the macroeconomic work is not sufficiently connected to other parts of the APEP programme, for example, it does not inform expenditure planning in provinces or sectoral policy design. As a result, the broader developmental benefits of this technically strong work are not being fully realised. Moving forward, stronger integration of this modelling work across government, especially with Finance, Planning, and key service sectors, will be necessary to ensure it translates into more effective and equitable budget allocations.

EOPO2: PNG economic agencies increasingly apply policies and practices that more efficiently mobilise public revenues and expenditure for inclusive, broad-based economic growth and service delivery.

IO5: Strengthened fiscal and macroeconomic analysis

This includes APEP's support to national-level economic and fiscal management, including debt sustainability, revenue forecasting, and budget reform through technical assistance to the DoT, DoF and IRC.

APEP has made important contributions to PNG's macro-fiscal architecture, particularly through the provision of technical assistance to DoT. The programme has delivered a range of analytical tools and advisory inputs that have supported fiscal policy development, improved budget credibility, and strengthened compliance with international reform commitments. One of APEP's key achievements has been the development of simplified debt sustainability and concessionality models that are now used by Treasury to assess borrowing strategies and inform debt management decisions. These tools have been critical in supporting PNG's engagement with policy-based financing mechanisms, including its ongoing participation in the IMF's Upper Credit Tranche (UCT) arrangement. APEP advisers have also supported the Treasury in preparing the fiscal and revenue forecasts underpinning the 2023 and 2024 National Budgets, providing scenario-based modelling and analysis of SOE dividend policy, non-tax revenues, and tax expenditure.

In addition, APEP has provided targeted inputs into legislative reforms, particularly in relation to the Income Tax Act. These contributions have complemented support from international partners, adding local policy insight and building linkages across fiscal and revenue agencies. Across the Treasury portfolio, embedded advisers continue to offer responsive, real-time policy support that is valued by their government counterparts and aligned with national reform priorities.

However, despite these high-quality technical contributions, the programme's ability to embed change and promote institutional ownership remains limited. Many of the tools and models developed remain under the exclusive stewardship of advisers, and their continued use is not yet assured beyond the duration of the programme. Interviews with stakeholders suggest that the programme has not yet implemented a structured capacity transfer strategy or institutionalised its knowledge products through formal training or standard operating procedures.

Furthermore, coordination between APEP and the Department of Finance has been notably weaker than with Treasury, and there is limited evidence of coherent cross-agency reform planning. While the technical quality of APEP's outputs is widely acknowledged, there is concern that system-level capacity remains fragile. Compounding this, the leadership within Pillar 1 lacks the depth and authority to drive integration, build networks across agencies, or translate technical work into broader institutional reform.

In summary, APEP has demonstrated a strong track record of technical delivery under IO5. Its outputs are aligned with government priorities and contribute to a more informed and disciplined fiscal environment. However, to sustain this progress, the programme must urgently strengthen its approach to capacity transfer, deepen its engagement with the Department of Finance, and ensure that its tools are institutionalised within the policy and operational machinery of government¹⁰.

¹⁰ The scores presented in this chart are based on a composite assessment of activity-level and pillar-level performance data gathered from program documentation, DFAT investment monitoring reports, APEP's internal reporting tools (e.g., Pillar MEFs, PAF tracking), and qualitative evidence from interviews conducted during the MTR. Where available, scores align with DFAT's standard 1–6 performance scale. Final ratings reflect the evaluators' triangulation of technical delivery, relevance to strategy, implementation consistency, and stakeholder feedback. In some cases, judgments also incorporated the level of adaptive management and learning evidenced in pillar strategies.

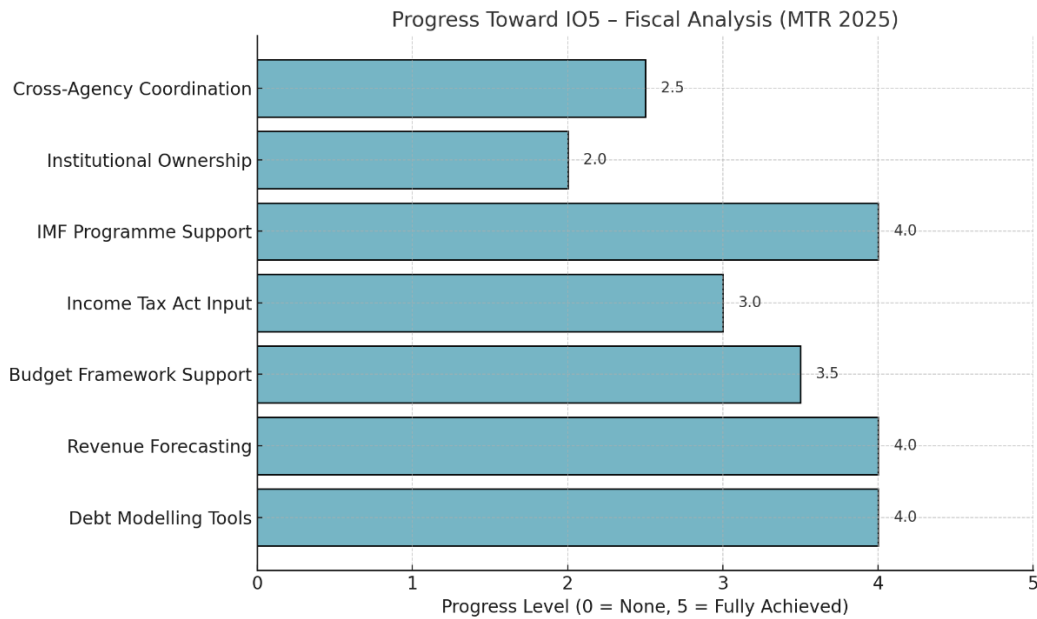


Fig 1

IO6: Improved subnational PFM for service delivery and inclusive growth

This includes evaluating APEP's contribution to enhancing provincial financial systems, accountability, and budget execution, with an emphasis on the Integrated Financial Management System (IFMS) rollout and institutional strengthening of provincial treasuries.

APEP's efforts to improve subnational PFM under IO6 have been more constrained and less consistent than its work at the national level. While the programme has supported the Department of Finance (DoF) in resuming the rollout of the (IFMS) following the 2021 ransomware attack, tangible progress on subnational fiscal accountability and service delivery tracking has remained limited.

To date, APEP's subnational support has been concentrated in a small number of pilot provinces, notably Western Province. These efforts have involved technical support for system configuration, training in IFMS operation, and some efforts to align budget execution with reporting requirements. However, stakeholder feedback suggests that the implementation model remains fragmented, with low levels of provincial ownership and inadequate institutionalisation of the reforms. Provincial governments continue to face basic constraints in staffing, infrastructure, and budget literacy, which hinder the effective uptake and routine use of IFMS as a core financial management tool.

Persistent weaknesses in financial reporting, audit readiness, and expenditure reconciliation remain critical challenges. Provinces often lack timely access to financial data, and compliance with national reporting frameworks is irregular. These gaps are compounded by delays in recruiting provincial-level technical staff and the absence of structured support mechanisms from APEP to embed processes and build local capacity over time.

Moreover, subnational PFM initiatives under APEP have not been effectively integrated with broader sectoral planning or service delivery mechanisms. There is minimal coordination between provincial finance teams and the departments responsible for health, education, and infrastructure — sectors where the bulk of expenditure

and public service delivery takes place. As a result, financial management reforms have remained disconnected from their intended impact on frontline service delivery.

There is also no consistent demonstration model or provincial reform roadmap guiding implementation. The absence of clear, end-to-end pilot initiatives, linking budget formulation, execution, reporting, and sectoral performance, has limited APEP’s ability to showcase success and build a scalable model for replication. In some cases, field visit findings suggest that even where tools are introduced, the associated monitoring and support mechanisms have not been robustly followed through.

Overall, APEP’s contribution to IO6 is characterised by cautious and technically sound engagement in select provinces but lacks the scale, integration, and visibility required to deliver system-wide results. Progress is further impeded by weak strategic coordination with DoF, insufficient attention to capacity building at the subnational level, and a lack of cross-pillar collaboration to support coherent reform efforts. Moving forward, APEP should prioritise a smaller number of high-quality provincial demonstrations, more deeply integrated with sector planning and accountability structures.

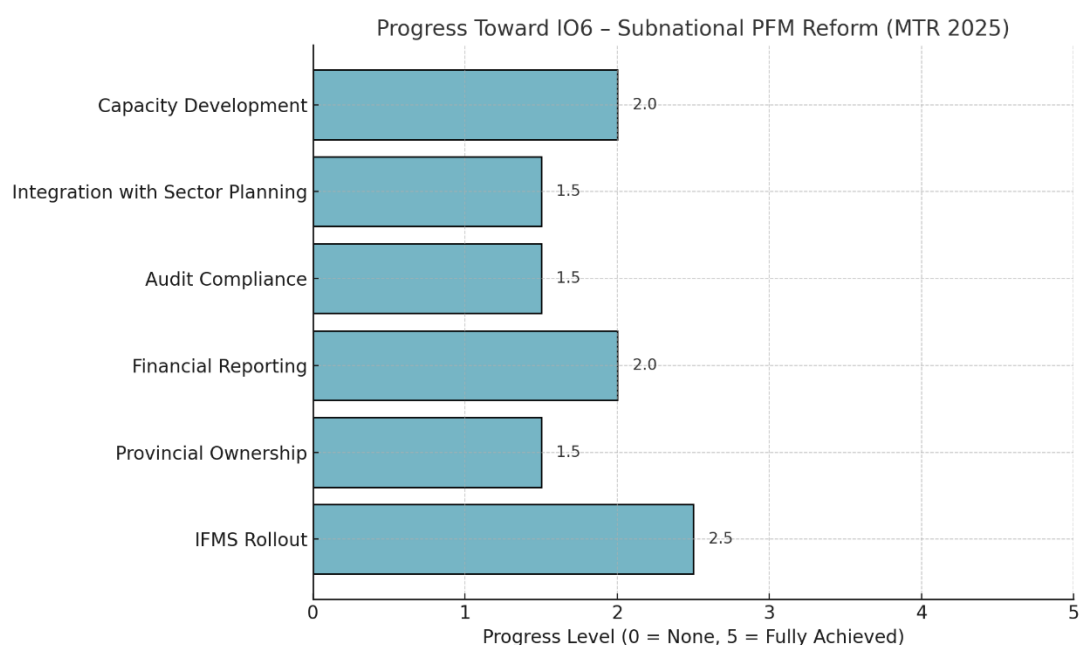


Fig 2

EOPO3: PNG entities regulate and support more efficient and inclusive functioning of markets to encourage greater formal participation in the economy

IO7: PNG entities deliver a better environment for private sector businesses to start, invest and expand

IO8: PNG entities shift incentives to align private investment with government priorities to promote inclusive economic growth¹¹

APEP’s activities under EOPO3 have undergone a significant shift over the last two years, which has resulted in uneven and unclear progress. Initially, APEP focused on transitioning some relevant activities across from EGIG and developing new activities that sought to address fundamental and challenging private sector development

¹¹ IO’s 7 and 8 are discussed together as the lack of strategic clarity and a workable theory of change makes it impossible to align activities with specific IO’s.

constraints in PNG as initially envisioned in the APEP design. This included supporting the Department of Land and Physical Planning (DLPP) on technical issues around land reform and building capacity of landowners through the Napanpa pilot project, which originated under EGIG. The land reform activities progressed very slowly, and support was concluded due to a lack of clarity from DLPP on their priorities¹². APEP also provided support to the Bank of PNG to conduct a National Payments Systems Review and worked with Superannuation funds to create a framework for the design and financing of private equity fund focused on lending to SMEs. Technical assistance was also provided to develop a National Digital Economy Policy and Strategy. There were also efforts to coordinate insurance industry actors around reform. As noted in DFAT reporting¹³ progress was slow in many areas and performance monitoring was inadequate. While the land reform efforts are relevant it is not clear if this was supported by any in-depth political economy analysis or overarching theory of change as to how land reform, which is always a very sensitive topic in PNG, would be progressed by the program, what the risks may be, and how these would be managed.

In 2024 the new Pillar Strategy was developed which was supposed to provide additional clarity on direction under IO's 7 and 8. As noted under 2.1, DFAT sought to re-orientate the program around supporting SMEs, but this has taken time to bed down and progress has been slow and limited. Over this period DFAT rejected a high number of APEP activity proposals. As noted in DFAT reporting¹⁴, little progress was made in 2024 due to this strategic reorientation and activity-level uncertainty. Support for technical work on payment systems with the Bank of PNG did continue and was expanded, and APEP built on previous work with the PNG Institute of Directors developing a database and improving governance.

While the change in scope initiated by DFAT precipitated a significant programmatic pivot, this was more about targeting, *i.e.* ensuring a clear focus on SMEs. This delimitation may actually provide stronger focus for the pillar. However, performance under this EOPO will continue to be uneven and unsubstantiated without a strong theory of change that explains how APEP can deliver a '*better environment* for private sector businesses (in this case SMEs) to start, invest and expand' (IO7) and how it will '*shift incentives* to align private investment (in this case SMEs) with government priorities to promote inclusive economic growth' (IO8).

EOPO4: PNG government, non-government agencies and the private sector are better able to provide inclusive economic opportunities for a wide range of PNG citizens.

IO9: Agricultural growth and livelihoods

As noted under Section 2.1, APEP's portfolio of activities under IO9 includes a disparate mixture of somewhat unrelated activities which, in and of themselves, may be important, but which together do not constitute a coherent set of activities targeting an IO. The absence of a sound theory of change or a strategy that makes sense of these investments makes it very difficult to report on how, and the extent to which, APEP is helping ensure that "*PNG government and non-government agencies and the private sector are better able to provide agricultural opportunities that foster inclusive growth and improved livelihoods*". Nowhere in any strategic documentation are the pathways to this explained, nor is APEP's contribution to 'inclusive growth' or 'improved livelihoods' delimited. This does not mean that positive results are not being delivered, it just means the overall contribution of discrete activities to this IO is unclear and, in some cases, unsubstantiated.

¹² See: APEP Annual Progress Report, 2023

¹³ See: Investment Monitoring Report, INN851 2023

¹⁴ See: Investment Monitoring Report, INN851 2024

One promising and potentially sustainable activity is the Revolving Fund delivered by Women's Microbank Limited (WMBL). This activity addresses a very real constraint, is clear in scope, delivers quantifiable results, and is potentially scalable. First piloted under MDF, the Fund was established to assist MSMEs buy coffee during peak coffee season. The pilot enabled exporters to buy up to 122% more high-grade coffee from smallholders¹⁵ in the initial phase. The initial capital investment by APEP of PGK3.5mn was increased to PGK7.2mn and is now available to small scale exporters at subsidised interest of 4%p.a. (vs >30% p.a. for a similar loan). As of January 2025, 92% (PGK 6.6. million) has been expended benefiting eight coffee and one cocoa business, and over 10,000 smallholder producers¹⁶.

This was a new area of business for WMBL who were supported by long-term technical assistance (TA) to design, manage and execute the fund. This encompassed credit assessments, loan utilization checks, and fund management support, which led to prudent lending decisions and effective oversight. After five years of ongoing support, the Fund has moved from scoping to piloting to the commercialisation stage. As noted by senior WMBL staff, WMBL now has the organisational capacity to manage the Fund, defaults are non-existent and opportunities to move into new commodities with different loan options are being explored. WMBL now plans to inject PGK 2 million of its own capital, signalling a key step toward sustainability and reducing reliance on donor funding. Alongside this investment APEP could be exploring ways to scale the WMBL model up and address regulatory or policy barriers to such micro-finance initiatives, effort should also be spent on quantifying the aggregate economic impact of the investment, and the aggregate benefits to MSMEs financially and to the microbank itself. Activities around financial literacy and building suitable reserves for investment during high yielding seasons should also be explored. It may also be prudent to examine how the MSME's supported under the program are, or can, support productivity improvements via extension in the coffee and cocoa sectors (which is in both the MSME and farmers interests).

It is important to highlight that this project's evolution was uneven as evidenced by activity level reporting¹⁷. The project faced many delays and difficulties in the first two-years due to lack of prioritisation by WMBL, low organisational capacity, and various teething, relationship, and stakeholder issues. Despite this, a decision was made by DFAT to continue to support a long-term investment that was addressing a key issue – albeit slowly and unevenly. This is a lesson for DFAT and other parts of APEP. Strategic patience and continued support to a promising but initially underperforming initiative can pay off - but only if it is paired with structured learning. In the case of the WMBL revolving fund, DFAT rightly chose to persist with an investment that was clearly addressing a market failure, despite early setbacks due to weak institutional capacity and slow progress. This decision ultimately supported a successful and impactful initiative. However, the absence of a clear theory of change or proper monitoring meant that DFAT and APEP missed the opportunity to understand *why* and *how* the project eventually succeeded. Without this insight, it becomes difficult to apply the same principles to other investments. Therefore, DFAT should ensure that future high-potential but complex interventions are accompanied by robust learning frameworks that can generate insights over time, not just for accountability, but to inform adaptive programming across the portfolio.

Another promising activity and potential model is the cocoa solar dryer project, which addresses a key constraint facing some growers and contributes to the production of higher quality cocoa which can be exported at a premium. This program has benefitted 4,425 farmers and 156 fermenters in East Sepik and supported the export of 1600 tonnes of cocoa at a value of PGK 8.7 million (this includes a higher price noting the premium 'smoke

¹⁵ See Investment Monitoring Report, INN851 2024

¹⁶ See Revolving Fund Justification Note, 31st January 2025

¹⁷ See Technical Support to PNG Women's Microbank Ltd, Activity Completion Report

free' product). This is a positive example of a project that directly contributes to inclusive growth and enhanced livelihood opportunities via an increase in incomes, while also contributing to gender equality outcomes due to decreases in women's labour. Building on the positive work undertaken thus far, APEP should identify the opportunities for further scaling this technology out to other provinces (via the conduct of agro-ecological analysis), and work with the DAL and Cocoa Board to identify any regulatory or policy constraints thereto. APEP should also improve its communication with Outspan (the implementing partner) around funding expectations and programming.

In addition to the above, APEP under Pillar 4a, supports a policy adviser working with senior staff in DAL to support the implementation of PNG's National Agriculture and Livestock Implementation Plan (2024-2033). This type of support is well received by DAL and should be maintained going forward. It is imperative that DFAT continues to strengthen engagement with DAL noting Australia's broader investments in agriculture; providing high level policy support is an important way to do this. However, as noted by senior DAL officials interviewed for this evaluation, engagement between APEP and DAL has been very limited (outside of the policy adviser support) and more should be done to engage DAL with APEP (and Australia's) agricultural investments, including clearly explaining how these support DAL's priorities. The strategic refresh of Pillar 4a provides a good opportunity to do this.

IO10: Sustainable governance of natural resources

While the strategy for support under IO10 is clear, with its focus on transparency and working with civil society, the implementation thereof has faced some challenges. Work supporting Treasury with the implementation of provincial EITI reporting was delayed for strategic reasons but remains important and should be continued once the time is right. The Baseline Assessment of Resource Governance and Development Impact was completed in 2024 (four provinces, n=1600 survey respondents), and while the results thereof shed important light on issues around resource governance, the process around the conduct of the survey and stakeholder engagement, coupled with media reporting on the findings created some challenges for DFAT and the program. It is important that the relevant data from this survey be synthesised and used to inform advocacy in this space once the time is right. APEP's support for advisers to support the PNG Resource Governance Council is important due to its focus on increasing advocacy and membership from civil society groups in the provinces. Work under this IO can deliver results in the PNG context, but there are risks with it that need to be managed carefully.

EOPO5: Greater access to relevant evidence (data and research) and greater collaboration on knowledge generation and policy making between GoPNG, think tanks and non-government institutions, this includes funding for the ANU-UPNG Partnership.

IO11: Partnerships for research, dialogue and improved transparency

A range of research and analysis has been undertaken under IO11 that directly complements the work of other pillars and/or priorities in economic research, including research into a free trade agreement between Australian and PNG, an MSME and Informal Sector Study (in collaboration with Pillar 3), a scoping study on how to promote early career research in PNG (also relevant to the ANU-UPNG partnership as noted below), an Agricultural Sector Study (to inform Pillar 4a), and a study on health sector opportunities and challenges for Pacific Australia Labour Mobility (PALM) scheme workers. Pillar 5 is being used by other pillars and DFAT to commission relevant research. It is important that research and analysis drive strategy and programming at the pillar level where possible. Pillar 5 can play an even stronger role driving strategic and programmatic coherence by supporting stronger strategic leadership and improved organisational learning processes.

However, for a range of reasons it is hard to assess the extent to which any of the research undertaken or partnerships developed are informing decision-making or improving policy formulation by GoPNG in APEP's key areas of economics, agriculture and SME development. The pathways to this are not clearly defined and there is no theory of change that articulates how research and partnerships will foster dialogue that will, in turn, improve transparency and better decision-making. The focus of IO11 is on lifting the capability of PNG researchers, which is a precondition for elevated dialogue with government, and commissioning programmatically relevant research and studies, but there is little emphasis on monitoring research-to-policy outcomes. This is a critical gap as there are opportunities to do this including through the deeper integration of the ANU-UPNG Partnership within APEP, and by supporting research-to-policy efforts through pillar-level activities including the work of advisers, implementing partners and policy stakeholders. In order to achieve stronger results in this area more focus will need to be placed on research-to-policy issues.

What activity, or combination of activities, have been most effective in delivering against the Intermediate Outcomes?

Due to a dearth of consistent activity-level evaluation, inconsistent use of the PAF, and weak integration of MEL frameworks into programme decision-making, it is difficult to assess with confidence which specific activities or combinations thereof have been most effective in delivering against APEP's IOs. This lack of systematic performance tracking and feedback loops has constrained the programme's ability to generate robust learning and inform adaptive management - this is a significant issue for the program and one that needs to be addressed going forward.

However, drawing on interview findings, performance data, and technical analysis from the MTR fieldwork, it is clear that long-term embedded technical assistance (TA) has been the most consistently effective modality contributing to Intermediate Outcomes—particularly under EOPO1 and EOPO2. These successes are concentrated mainly in support to the Department of Treasury.

Under IO1 (Debt Sustainability) and IO4 (Macroeconomic Management), sustained advisory support has enabled the Treasury to meet IMF programme conditions and improve budget credibility through enhanced forecasting and fiscal anchor modelling. These contributions, while still largely advisor-led, are regarded by counterparts as technically sound and policy-relevant. Similar TA under IO2 (Policy-Based Loan and Budget Support Management) has enabled the Treasury to produce policy matrices and macro frameworks that meet multilateral budget support requirements - so all critical inputs into the Governments financing strategy.

Under IO5 (Fiscal and Macroeconomic Analysis), Treasury advisers have supported IMF reporting and national budget preparation with debt modelling, tax expenditure forecasting, and income tax reform inputs. This TA has clearly been valued, and the results are reflected in the programme's stronger performance under this IO, as seen in the MTR's performance charts. However, weaknesses in cross-agency coordination and institutional ownership mean that even these high-performing areas remain fragile.

By contrast, interventions under IO6 (Subnational PFM) have been far less effective, with the IFMS rollout, financial reporting, and audit compliance all progressing slowly and with limited provincial ownership. In this domain, TA was neither embedded nor sustained, and efforts were often fragmented, late, and poorly integrated with service delivery or sector planning. The absence of demonstration pilots or cross-sector coordination further limited impact.

Key factors contributing to the relative effectiveness of embedded TA include:

- Close alignment of TA roles with PNG government policy cycles (e.g. budget preparation and IMF review milestones)
- High technical calibre and continuity of specific advisers (especially in macro-fiscal analysis)
- Trust-based relationships built with senior PNG officials, and
- Clear demand from host institutions, particularly Treasury.

However, the effectiveness of TA is undermined when it is:

- Isolated from institutional reform pathways (e.g. not embedded in training, systems, or organisational restructuring)
- Dependent on personality-driven relationships rather than institutional mandates, and
- Not integrated with downstream service delivery, subnational systems, or sector ministries.

The discussion under IO9 on WMBL suggests that moving from scoping to piloting to delivery in a complex activity can take many years and needs to be supported by targeted TA, with the local organisation delivering increasingly more complex tasks as capacity is built. As with this activity there will be setbacks, so an appetite for risk is needed. The absence of explanatory M&E makes it hard to determine the conditions that ultimately led to the success of this activity.

To what extent has the program monitoring, evaluation and learning (MEL) system produced robust data and evidence to support effective decision-making, program learning and adaptation?

A good MEL system should generate information that enables implementers to adapt their activities and strategies to incrementally improve performance. Unfortunately, APEP's MEL system has not been able to produce robust data to inform effective decision-making and improve performance for a range of reasons. The MEL system remains weak, not fit-for-purpose and underutilised by APEP staff across the pillars, who do not understand their respective roles in program level M&E. The lack of a unifying theory of change, strong pillar level strategies and cross-pillar learning hampers coherence and means that opportunities for practical cross-pillar collaboration are not grasped. There are a range of issues with the MEL system that need to be addressed to better assess performance and generate learnings that can inform programming.

These issues include lack of senior M&E leadership, weak performance orientation from senior leadership, invalid and unrealistic indicators and targets in pillar level MEFs, non-conformance with DFAT's M&E standards, technical capability constraints (e.g. around Market Systems for Development MEL approaches, quantitative MEL approaches), lack of meaningful activity level evaluation and synthesis, absence of quantitative data, and weak organisational learning processes. The M&E frameworks are not sufficiently programmatic, and the IOs remain broad and difficult to operationalise. Meanwhile, the narrative of APEP (what it's doing, why and how) has been lost at times by both DFAT and the implementer, leaving stakeholders uncertain and disengaged.

In order to ensure the mistakes of the past are not repeated, it is important to briefly review how APEP's M&E system has ended up where it is. M&E under APEP has been challenging from the start, with delays in the recruitment of staff, a lack of senior leadership and direction around performance and learning, a siloed organisational structure, and a somewhat standalone M&E team within that siloed structure. After several months delay, APEP's Monitoring, Evaluation, Research, Learning and Adaptation (MERLA) Plan was approved

by DFAT in February 2023, almost 12 months after APEP's commencement (March 2022). Due to delays in the recruitment of senior staff, Abt Global's corporate staff and STA played a lead role in MERLA development.

It is important to highlight that the MERLA System and Plan that was initially developed was a well thought out document that largely adheres to DFAT's MEL standards, the Statement of Requirements and the APEP design. The MERLA Plan, dated January 2023, includes all the elements one would expect for a program of APEP's scope and size, including pillar level logics and MEF's, a Performance Assessment Framework, quality at entry and activity completion guidance, M&E capacity building focus, key monitoring and evaluation questions, evaluation and research plan, value for money framework, and GEDSI mainstreaming. A range of tools were developed to monitor outputs, expenditure, funds leveraged, training conducted, reports completed, and other elements of performance that would enable the SMT and DFAT to form a view on the efficiency of the program.

Further, the Plan outlined how evaluation (thematic, activity etc) would be used to generate evidence on performance at various levels, and it outlined clear stakeholder engagement, planning, and learning processes, including strong engagement with GoPNG counterparts around lessons learned and joint planning (e.g. annual planning workshops, quarterly partner meetings, thematic and issues-based learning workshops to drive cohesion etc). The issue was this system was never institutionalised; the plan was never used as envisaged, and many of the organisational and stakeholder learning processes just did not roll out as planned.

It may be that the MERLA system and plan was largely developed as a deliverable by an external team and never really owned by the APEP staff who were tasked with its operationalisation. This is a key lesson going forward, as it is one that could be repeated. It should also be noted that issues within the MERLA team itself have prevented it from presenting a unified view on M&E, this, coupled with a pillar-level disengagement with MERLA more generally has basically sidelined M&E on the program, resulting in a focus on inputs and outputs and no real engagement at the level of outcomes, impact and lessons learned. It seems a range of factors conspired to sideline what was a suitable MERLA system including: a lack of performance orientation and drive from senior leadership, a lack of ownership by the MERLA team, key technical M&E capability constraints and a lack of M&E integration across the program.

After the MERLA plan was approved in early 2023, the Pillar level strategies were reviewed and updated at the request of DFAT, and this precipitated a range of additional changes as MEF's needed to be updated and baselines and targets revised. These were endorsed by DFAT in May 2024. Since that time the MERLA team has worked across APEP to operationalise the revised plans, including developing relevant tools and processes, setting baselines and targets, and integrating these with the management information system.

While APEP's MERLA team is well resourced (n=7 staff), due to the many issues around M&E, a valid question is: Does the team, as a whole, have the capability to operationalise a complex MERLA system like that needed on an initiative like APEP? The responsibility for this rests with the managing contractor. As highlighted in DFAT's M&E Standards (see Standard 5)¹⁸, it is important to ensure there is both the financial resources and human resource capability required to implement an M&E system as designed. Abt Global have initiated a review of the MEL structure, and some changes have been made, including allocating individual M&E officers to pillars. However, APEP continues to struggle with recruitment of a senior performance leader, which has hampered MEL integration across the program, and in particular the integration of M&E, GEDSI and Communications. In the absence of such leadership, and considering the capability constraints noted above, Abt Global has had to dedicate corporate resources to develop an M&E Action Plan to improve all aspects of M&E.

¹⁸ DFAT Design and Monitoring, Evaluation and Learning Standards [Design and monitoring, evaluation and learning standards](#)

Despite these recent improvements, APEP's MEL system has failed to become a functional driver of strategic learning or adaptive management. The system has focused largely on inputs and outputs, with limited ability to track or respond to outcomes, and lacks integration with financial, operational, and planning systems, meaning delays in procurement or recruitment are not linked to programme underperformance. The result is a missed opportunity to prioritise high-performing activities, ensure value for money, or scale what works. While DFAT's evolving posture, from light-touch to risk-averse, compounded this challenge, the root issue lies in the lack of performance leadership within APEP, underutilisation of the MERLA team, and failure to institutionalise MEL across the program's decision-making processes. The absence of a credible feedback loop between MEL data and resource allocation has significantly constrained APEP's ability to adjust its delivery model, test its strategic assumptions, or demonstrate results. Ultimately, MEL cannot function in a silo: unless embedded across programme leadership, financial oversight, and planning functions, it will remain a compliance exercise rather than a tool for improvement.

Noting the findings from this evaluation around the need to strengthen pillar-level strategies and forge greater coherence, it may be prudent to hold off on some elements of the Action Plan – including strengthening MEF's that will no longer be relevant. As noted in Section 2.6, there is a need to considerably strengthen pillar-level strategies, and this will have a range of downstream effects on M&E (e.g. new MEF's). The primary focus for APEP over the next six months is to develop pillar-level strategies that provide the missing middle that links activities to intermediate outcomes. This does not mean that important MEL-related work cannot be undertaken in parallel with this strategic refresh. Key priorities include:

- 1) Assessing APEP's MEL-related human resource and organisational capability and re-structure as needed (we note some of this is underway)
- 2) Identifying strategies to address these capability gaps through new staffing arrangements, supplementation, and training
- 3) Incorporating MEL capability and responsibility in Terms of Reference for new APEP positions
- 4) Modifying Terms of Reference for existing positions to include M&E tasks and responsibilities
- 5) Recruiting a Senior Performance/Development Effectiveness leader
- 6) Reviewing the utility of existing monitoring tools and processes and identifying gaps
- 7) Designing and undertaking some targeted thematic and activity level evaluation to surface key lessons around TA performance, SME support etc
- 8) Facilitating a Performance Assessment Framework dialogue with DFAT and using this to refresh a 'way of working' between APEP and DFAT
- 9) Initiating dialogues with other DFAT economic programs (especially PIPP) to identify learnings and complementarities
- 10) Facilitating strategic discussions with DFAT AHC (especially Minister Counsellor) on strategic positioning for the new pillar strategies; as well as discussions with AHC Gender team to ensure coherence across DFAT investments
- 11) Facilitating strategic discussion with key advisors, especially in Pillars 1 and 2, to augment (10) and to better understand critical constraints in key economic ministries, and
- 12) Draw on (7), (9), (10) and (11) to re-engage with key actors in GoPNG economic ministries around their priorities and effective forms of support.

Assessment Summary:

Effectiveness

Rated: Below Expectations

Although APEP has delivered results in some areas, most notably in macro-fiscal advisory support to Treasury and elements of policy-based financing, the program's overall effectiveness is constrained by structural fragmentation, uneven technical leadership, and weak coordination across pillars. Many activities remain input-focused, with limited evidence of outcomes or sustainable institutional change. Monitoring and evaluation systems have not generated sufficient data to assess contribution pathways, and adaptive learning has been minimal. These gaps have significantly reduced APEP's ability to demonstrate outcome-level progress against its Intermediate Objectives.

2.3. How efficiently is APEP being implemented?

To what extent are the APEP governance arrangements fit for purpose (including mechanisms for Government of PNG engagement, governance and management of investments, and donor coordination)?

At present governance around the program is not fit-for-purpose. APEP sought to embed a stronger GoPNG–GoA partnership approach to both governance and management, unfortunately, there has been limited progress in this area as highlighted in DFAT's Investment Monitoring Report from 2023:

"APEP does engage with key stakeholders (including GoPNG partners), but supporting mechanisms have not been developed as outlined in the APEP Design Document and Statement of Requirements to underpin the Partnership with stakeholders and co-design of workplans (such as Annual Planning Workshops that brings together DFAT's investments based on specific thematic or sectoral focus areas; Quarterly Partner Meetings to allow investment teams to share progress and reflect on lessons and sharing good practices with externals; and Periodic events that bring together GoPNG and DFAT's investment partners around specific thematic or policy issues to support Government of PNG's (GoPNG) reform efforts)"¹⁹.

Strategic Governance Board (SGB) meetings have taken place on a couple of occasions with representation from Treasury, Finance, Department of Prime Minister and National Executive Council, Agriculture and Livestock, Department of Information and Communications Technology, but the purpose of these meetings was primarily about information sharing, review of pillar-level strategies and updates from GoPNG on high level priorities. There is no evidence that any technical working group meetings have taken place or that the type of substantive engagement with GoPNG has been systematically undertaken as foreshadowed in the design. This is not surprising considering the lack of strategic clarity.

Further, there is little evidence of harmonisation or coordination with other development partners or DFAT funded programs, despite the obvious synergies, again the lack of strategic clarity is a barrier to this. APEP should use the strategic refresh recommended herein to galvanise engagement with GoPNG, other development partners, and DFAT funded programs. This engagement could be around priority themes of joint interest as suggested below.

The governance model outlined in the design of APEP represented a departure from earlier programs such as EGIG, where engagement, though not without its limitations, was more clearly anchored in specific reform

¹⁹ See: Investment Monitoring Report, INN851 2024, p.7.

processes. For example, under EGIG, DFAT and GoPNG counterparts occasionally convened joint discussions around fiscal planning cycles or IMF program milestones. These moments allowed advisers to align with broader policy objectives and enabled a degree of coordination between DFAT-funded initiatives. Similarly, EGIG supported thematic dialogue on issues such as decentralisation, economic governance, and service delivery through targeted learning events. While these were not part of a formal governance structure, they helped facilitate coordination and learning among different government departments and donor programs.

In contrast, APEP has yet to develop any regular forums for coordinated planning or cross-agency policy dialogue. Pillar leads have not established joint mechanisms for reviewing reform progress with GoPNG partners, and coordination with other DFAT-funded investments has been sporadic. This has made it more difficult to build shared ownership over APEP's workplans or to identify complementarities with related initiatives. The programme's siloed structure and lack of strategic clarity have further compounded these challenges, limiting opportunities for harmonisation and mutual accountability.

Looking ahead, the forthcoming strategic reset provides an opportunity to reinstate basic governance functions. This should include the establishment of EOPO-linked technical working groups, revitalised annual planning workshops aligned with GoPNG's fiscal and policy cycles, and greater use of joint reviews with relevant government stakeholders. Strengthening these governance arrangements will be essential not only for accountability, but also for rebuilding GoPNG's trust and ownership in the program. Coordination with other development partners—particularly in public financial management, agriculture, and private sector development—should also be elevated as a priority, supported by practical tools such as partner mapping and shared planning calendars.

To what extent are work streams working together to complement programming for maximum impact and efficiency?

One of the central aims of APEP's design is to create coherence across its various technical pillars by aligning reforms in economic governance, public financial management, and private sector development. However, this Review found that synergies between workstreams are underdeveloped. Pillar teams tend to operate in silos, with limited joint planning, no shared indicators, and no formal mechanisms for coordinated delivery. The absence of a program-wide theory of change, combined with weak MEL integration and limited performance leadership, has further constrained opportunities for complementarity. While individual interventions, particularly those involving embedded technical advisers, have delivered value in their own right, the program is not working as a system.

This lack of integration is particularly visible in several key areas where complementarity should be occurring:

First, in the area of tax policy and SME development (EOPO1 and EOPO3), APEP is supporting the Internal Revenue Commission (IRC) on reforms to income tax and compliance systems, while simultaneously working to promote formalisation and financial inclusion for MSMEs. These two efforts are inherently linked: simplifying tax regimes and streamlining compliance can ease the pathway to formalisation for small businesses, expanding the tax base and enabling access to finance. Yet no formal coordination exists between the tax and SME workstreams, and the potential for a unified engagement strategy, one that balances compliance and business growth remains unrealised. Although recent developments in this regard have been positive with the IRC meeting MSME representatives – it is not clear if this was supported via APEP.

Second, on cash flow forecasting and SME finance (EOPO3 and EOPO4), APEP is providing technical assistance to the Department of Treasury and Department of Finance to enhance macro-fiscal modelling and cash flow

forecasting. These improvements are critical to managing the Government's liquidity position and ensuring timely disbursement of funds. At the same time, APEP's work on SME finance seeks to address working capital constraints for rural exporters. There is a clear linkage: more predictable public cash flows and payment cycles support SME financial planning and reduce business risk, which in turn improves credit access. However, these streams are not connected. The work on forecasting remains technocratic and upstream, while the work on SME finance lacks engagement with the fiscal realities of the state. No attempt has been made to align payment predictability with SME credit frameworks. Or to link cash management analysis within Treasury with cash management practices within Finance.

Third, in the area of agriculture and trade, APEP is providing targeted support to commodity certification, biosecurity protocols, and extension training through Pillar 4, largely building on novated work from PHAMA Plus and MDF. Although Pillar 3 was initially intended to complement these efforts through market access and value chain strengthening, its focus has since shifted more narrowly toward MSME support and financial inclusion, following a strategic redirection by DFAT in 2023. Despite this divergence, there are shared sectoral touchpoints in commodities such as coffee, cocoa, and vanilla, where cross-pillar integration could add value. One notable example is the Mama Bank revolving fund, which aligns access to finance with the seasonal procurement cycles of small-scale exporters, most of whom have established export contracts. This activity directly connects rural producers to certified export markets while embedding inclusive finance principles, demonstrating what a coherent rural trade and finance strategy could look like. However, this remains an exception. APEP currently lacks an overarching strategy to integrate its work in agriculture, rural finance, and trade facilitation. As a result, opportunities for systemic impact through coordinated sector support remain underexploited.

A focus for APEP over the next six months is to re-strategize along the lines suggested above. APEP needs to find a range of sensible, complementary, integrative themes to coalesce its program around. This will help ensure that pillar-level strategies aren't developed in silos but speak to each other, ensuring the program can be more than the sum of its parts.

Do APEP's systems and processes foster efficiency and drive value for money?

APEP's overall efficiency is rated below expectations. Although the programme has generated credible outputs, internal systems and operational bottlenecks have slowed delivery, created dependencies, and reduced value for money. Cumulative expenditure at the end of 2023 stood at just 11.56% of total allocation—well behind expected benchmarks given the implementation timeline. Field interviews revealed multiple areas where systemic weaknesses have delayed recruitment, contracting, and activity approvals.

The introduction of Project Activity Documents (PADs) in 2023 was a welcome step toward standardising activity design and engaging DFAT earlier in the review process. However, interviews with APEP personnel and DFAT staff confirmed that delays still occur at the approval stage, with backlogs, rejections, and inconsistent feedback undermining responsiveness and planning. A key contributing factor is the variable quality and excessive length of PADs, some extending over 20 pages, making it time-consuming for reviewers to assess, especially when core issues could be more clearly summarised in a concise 8–10-page format. The redrafting and review cycle adds further delays, highlighting the need for clearer quality control standards and streamlined templates that support efficient and focused appraisal.

A core operational bottleneck lies in the structure and functioning of the Shared Services unit. While the March 2025 Shared Services Dashboard provides a high-level summary of output volume - such as the processing of over 4,100 invoices and hundreds of travel, procurement, and recruitment requests - it lacks disaggregation by programme. This means that APEP-specific issues cannot be identified or resolved effectively. Additionally,

while standard key performance indicators (KPIs) are tracked (e.g., contract issuance within 45 days, payroll within 3 days), they are not linked to activity-level outcomes or delays.

The Shared Services interface is centralised and opaque. All service requests must pass through the Operations Manager, who serves as the sole point of contact with Shared Services. Pillar leads and technical staff have no access to real-time workflow information, reducing transparency and slowing problem-solving. The system currently operates without programme-level dashboards or accessible workflow trackers, meaning that internal accountability and planning are impaired.

Data visualisation in the dashboard remains largely descriptive rather than analytical. While longitudinal data exists, there is no root cause analysis to explain anomalies or periods of underperformance. The system also fails to connect operational delays with missed programme milestones, weakening its utility as a management tool.

Recommendations to improve efficiency include:

- Developing APEP-specific operational dashboards that display progress against key service delivery metrics.
- Introducing workflow transparency tools (e.g., simplified Smartsheets or ticketing portals) for use by technical teams.
- Incorporating diagnostic reporting on causes of operational delays.
- Linking service KPIs with programme delivery milestones.
- Reviewing the shared services staffing model to reduce over-centralisation.

Assessment Summary:

Efficiency

Rated: Below Expectations

Operational bottlenecks, slow contracting, and opaque shared services have significantly delayed delivery. Although the PAD system has improved activity design, the internal systems remain too centralised and slow to support adaptive and timely implementation.

2.4. To what extent are the positive impacts of APEP investments likely to be sustained?

Sustainability is the extent to which the net benefits of the intervention continue or are likely to continue ²⁰. The assessment of sustainability involves examining the financial, economic, social and environmental conditions that may foster or constrain the sustainability of outcomes. This includes examining the capability of counterparts to deliver impact once an intervention ceases and the key institutional and organisational factors that may impede sustainability.

Sustainability remains a key area of concern for APEP, particularly under EOPO2. While the programme has contributed meaningfully to the technical foundations of fiscal policy and public financial management (PFM), it has not yet succeeded in embedding its tools and practices into the institutional systems of government

²⁰ [Applying Evaluation Criteria Thoughtfully | OECD](#)

counterparts. Most of the fiscal models, policy frameworks, and analytical tools developed with APEP support continue to be managed directly by advisers. Although these resources have been well-received and are frequently referenced in policy settings, their routine use and long-term sustainability are not guaranteed in the absence of a deliberate and structured capacity transfer strategy.

There is currently no clear succession or knowledge transfer mechanism in place to guide the gradual localisation of technical functions. Many of the models supported by APEP remain dependent on the presence and continuity of individual technical advisers. Training, where it has occurred, tends to be informal and uneven, and there are limited efforts to consolidate tools into standard operating procedures or government-owned platforms. Attempts to partner with institutions of higher learning for pipeline development, such as graduate schemes or mentorship programmes, remain at a conceptual stage.

At the subnational level, sustainability is even more precarious. Provinces face high staff turnover, significant resource constraints, and low capacity to absorb and institutionalise reforms. Despite the rollout of the Integrated Financial Management System (IFMS) to select provinces, usage is inconsistent and often reliant on one or two individuals with technical knowledge. The broader enabling environment — including provincial HR systems, budget autonomy, and local-level planning processes — remains underdeveloped and poorly integrated with PFM reform efforts.

The MEL system offers some foundation for sustainability tracking but is not yet leveraged for that purpose. While MEL frameworks and tools exist, they have not been systematically embedded into programme decision-making or used to monitor capacity gains at either the national or subnational level.

Opportunities to use the MEL system to measure institutional performance, uptake of tools, or handover readiness remain underexploited. In effect, learning is present but not institutionalised within programme operations or policy dialogue.

In the absence of a defined exit or transition strategy, the risk is that APEP’s technical contributions will remain episodic, and adviser driven. To shift this trajectory, APEP must urgently prioritise the institutionalisation of its tools, establish formal capacity development pathways, and embed monitoring of ownership and sustainability into its performance frameworks. Doing so will require a deliberate, cross-pillar approach that focuses not only on what is delivered, but how it is embedded, maintained, and owned by PNG counterparts.



Fig 3

Assessment Summary:

- **Sustainability**

- **Overall Rating: Moderate and Fragile**

APEP has delivered useful technical inputs, but the programme has not yet institutionalised its tools, nor created sustainable ownership pathways. Without structured handover mechanisms, much of the current progress risks dissipation when adviser support is withdrawn.

- **Tool and Framework Institutionalisation**

Most fiscal models, reporting tools, and analytical frameworks remain adviser managed. Standard operating procedures and government-led application are not yet in place.

- **Capacity Development**

Training is informal and episodic. There is no structured curriculum or integration with GoPNG HR or learning systems. Localisation efforts are underdeveloped.

- **Subnational Sustainability**

Provinces remain institutionally fragile, with limited absorption capacity and persistent turnover. There is minimal linkage between IFMS use and broader accountability or service delivery structures.

- **MEL Integration**

While the MERLA framework exists, it is not yet fully integrated into performance management or capacity monitoring. Learning is not routinely fed back into programme design or partner engagement.

- **Succession Planning**

No formal strategy exists for transitioning technical responsibilities to local staff. Graduate and mentorship pathways remain aspirational rather than operational.

2.5. To what extent is the facility progressing towards GEDSI goals and objectives, including Women's Economic Empowerment?

While APEP has maintained a formal commitment to Gender Equality, Disability, and Social Inclusion (GEDSI), the program's implementation has primarily focused on mainstreaming efforts, such as tagging, safeguards, and internal awareness raising, rather than delivering a balanced portfolio that also includes targeted interventions in areas like Women's Economic Empowerment (WEE). This emphasis on compliance and internal processes has come at the expense of more proactive programming that advances WEE through fiscal policy, budgeting, or private sector engagement. Yet, under DFAT's Gender Equality and Women's Empowerment Strategy, WEE is a distinct and strategic pillar that requires specific and resourced attention.

It is important to stress, however, that mainstreaming GEDSI across pillars and delivering targeted WEE interventions are not competing or mutually exclusive priorities. Rather, they are complementary and mutually reinforcing. Effective mainstreaming ensures that all APEP activities embed inclusive principles, while targeted WEE initiatives focus on addressing structural inequalities and delivering tangible benefits to women and marginalised groups. APEP has undergone multiple iterations of GEDSI strategies since inception, but these strategies have lacked continuity, institutional ownership, and consistent application across the program. Some iterations focused heavily on internal capacity, while others emphasised safeguards or compliance, with limited integration into program planning, design, or outcome-level performance reporting. Consequently, staff and implementing partners often lack a shared understanding of how GEDSI is to be operationalised within their pillar strategies or at the activity level. Notable exceptions such as the Mama Bank revolving fund and

engagement with the Women's Business Resource Centre (WBRC) demonstrate that APEP can deliver impactful WEE programming when resources and partnerships are in place.

More recently, there has now been a notable shift in recognition of GEDSI principles in programming across the pillars, with progress made on the development of GEDSI resources, tools, and templates. These are now more widely available to staff via an internal desktop application. The PAD process incorporates GEDSI markers aligned with OECD-DAC standards, and activities rated as "significant" (2) require budget allocations from the pillar teams themselves. However, DFAT stakeholders report that GEDSI inclusions in PADs can be somewhat formulaic and not customised to context. Furthermore, the alignment of GEDSI tracking with the programme's M&E framework remains weak. Given the broader need to revise and operationalise the MERLA system, it is expected that the GEDSI framework will need to be incorporated into the next iteration of APEP's PAF. In the meantime, reporting on GEDSI outcomes remains primarily focused on inputs and is not yet able to capture transformational change, as was the clear intention of the design.

External GEDSI stakeholders interviewed during the MTR—including the Women's Business Resource Centre and Mama Bank—expressed frustration with aspects of APEP's engagement. Concerns included poor expectation management, lack of clarity on strategic priorities, communication delays, and inconsistent follow-through. Partners reported investing significant time in co-design processes or workshops with APEP, only to see limited outcomes or no clear pathway to funding or implementation. There were also concerns around recognition of intellectual contributions and a perception that engagement was extractive rather than collaborative. These issues point to broader challenges in APEP's stakeholder engagement model and underline the importance of establishing clearer protocols for partnership, consultation, and co-design.

Despite these weaknesses, there are significant opportunities. For example, APEP is well-positioned to elevate its impact on WEE and inclusive budgeting. First, APEP can play a catalytic role in supporting gender-responsive budgeting (GRB) within the Departments of Finance and Treasury. This could include technical advice on incorporating gender-disaggregated data into budget preparation, building tools for expenditure analysis across key sectors such as health, education, and agriculture, and helping align GRB with PNG's broader Medium-Term Development Plan and SDG commitments. This will require the recruitment of short-term technical experts in this area, which should be prioritised.

Second, the rollout of the Integrated Financial Management System (IFMS) presents a unique opportunity to improve expenditure transparency and gender tracking at both national and subnational levels. APEP can work with the Department of Finance to configure IFMS to allow for disaggregated reporting and to develop GEDSI-relevant dashboards that provide actionable insights into how funds are allocated and spent across population groups.

Third, APEP should build on the success of the Mama Bank revolving fund, which exemplifies how GEDSI and economic reform can be meaningfully integrated. The fund supports women-led export agribusinesses in the coffee and cocoa sectors by providing below-market interest loans tied to seasonal procurement cycles. By directly financing exporters that buy from thousands of female smallholders, the activity aligns trade, agricultural productivity, and inclusive finance. The GEDSI team has played a supporting role in ensuring policy alignment and safeguards for this initiative. This model could be replicated or scaled, particularly if coupled with sector-wide WEE strategies in agriculture and trade.

Likewise, WBRC continues to be seen as a credible partner for WEE interventions, particularly in relation to business development services, referral pathways, and workforce inclusion strategies. However, more predictable, transparent partnership mechanisms are needed to unlock collaboration. APEP should consider

targeted grants, joint planning mechanisms, and regular GEDSI stakeholder forums to better engage the expertise that already exists in PNG's women's rights and economic inclusion ecosystem.

To sustain and scale these efforts, APEP should meaningfully integrate GEDSI as a cross-cutting priority within its programme strategy. This includes integrating GEDSI specialists into activity design teams, applying GEDSI analysis across all stages of the programme cycle, and including GEDSI-specific indicators in monitoring frameworks. Without this, the programme risks treating GEDSI as a compliance obligation rather than a value-adding dimension of policy and reform work.

In summary, APEP has the technical foundations for effective GEDSI and WEE integration but lacks the strategic application to make it transformative. The next phase should focus on turning intention into influence—embedding inclusion into fiscal policy, expenditure systems, and partnerships that deliver real change for women and marginalised groups.

ANU-UPNG Partnership Case Study

The formal, ODA-funded partnership between the University of PNG's (UPNG's) School of Business and Public Policy (SBPP) and the ANU's Crawford School of Public Policy commenced in 2015 and has been funded since then under various initiatives, including the Education Capacity Development Program, the Economic Governance and Inclusive Growth (EGIG) program, and the current Australia-PNG Economic Partnership (APEP). Since its commencement the partnership has focused on four 'streams': teaching (in economics and public policy), collaborative research, student and faculty exchanges, and project management. In addition to predictable funding via these initiatives, the partnership and UPNG more generally, has benefitted from other DFAT-funded investments over the years, including the construction of the new SBPP in 2018, a new lecture theatre, and administrative and learning resource facilities. Throughout the course of the partnership the Crawford School has provided high-level academic teaching and research support to SBPP and contributed significant in-kind resources.

A comprehensive review of the partnership for the period 2021-2024 was undertaken in mid-2023 ahead of the extension of the partnership agreement for a further two years to 2026. This review was undertaken by M&E staff from APEP. As such, the focus of the following case study is not only on the effectiveness of the partnership, but also on broader considerations of interest to DFAT around the partnership as a component of APEP. As noted in the APEP Mid-Term Review Evaluation Plan, the partnership is an important initiative under EOPO 5 of APEP 'Economic and Research Dialogue', which seeks to foster 'greater access to relevant evidence (data and research) and greater collaboration on knowledge generation and policy making between GoPNG, think tanks and non-government institutions'. The case study aims to inform the future direction of this component, including whether it should remain under APEP or be implemented separately.

1. *To what extent is the ANU-UPNG Partnership meeting the objectives of its four work streams, and how well is it aligned with the Australia-PNG Development Partnership Plan (2024-2029)?*

Under Stream 1 'Strengthening SBPP teaching and the student experience' the partnership delivers high-quality and well-resourced undergraduate economics and public policy courses and postgraduate studies leading to a Master of Economics and Public Policy (MEPP) from UPNG and a Master of International Development Economics (MIDEC) from ANU. Over the course of the partnership there has been a significant transformation in the quality and sustainability of SBPP teaching in economics and public policy, and a significant improvement in student experience through modifications to the curriculum, the addition of new economics courses and changes to the pedagogical approach.

It is important to remember that prior to the establishment of the partnership, UPNG had very limited economics and public policy teaching capability, with one local economics tutor in 2013 teaching a small number of courses. As noted by senior UPNG staff interviewed for this evaluation, SBPP was on the verge of collapse prior to the commencement of the ANU-UPNG partnership in 2015, teaching capability was very low, staff retention was difficult, course numbers were low, the curriculum required modernisation, and opportunities for further study were limited. Immediately after the commencement of partnership the ANU allocated significant resources to reinvigorate the economics curriculum, build the capacity of SBPP teaching staff, select students for ANU scholarships, and commence the Summer School. This included the mobilisation of ANU academics to Port Moresby. In 2018 the construction of the new SBPP provided the physical capital to support the advancements in human capital brought about via the partnership.

In 2018 the Master of Economics and Public Policy (MEPP) commenced. The MEPP is an internationally recognised, jointly developed programme offered by SBPP. On average around 20 students per year graduate from the course, a significant proportion of whom are from GoPNG public service agencies, including central economic ministries. In 2020 modifications were made to the Australian Awards, which enabled PNG students to obtain a masters in PNG, which increased the numbers of graduates; GoPNG agency support for master's students also increased alongside this new offering, including support for mid and senior-level public servants.

High performing UPNG students began completing MDEC's at the ANU and, with that, teaching capability at SBPP gradually grew. This later point is particularly important in the context of SBPP's teaching strength. For example, in 2019, five ANU staff with the support of three international staff were teaching all the undergraduate and postgraduate economics and public policy courses at SBPP, by 2021, as UPNG staff capability was built through completion of Masters courses and mentoring from ANU staff, nine of 14 undergraduate courses were delivered by UPNG staff; by 2023 17 of 18 courses were delivered by UPNG staff, and in 2025 all 16 undergraduate courses are being delivered by ANU trained UPNG academics. This is a very strong example of localisation. SBPP has now reached full capacity with eight postgraduate trained staff delivering a diversity of economics and public policy courses, supported by ANU staff who concentrate primarily on postgraduate courses.

The transformation brought about by the aforementioned activities has been significant and has raised economics and public policy capacity in PNG significantly. For example, in 2015, SBPP was delivering five courses to approximately 100 students, in 2025, it will deliver 25 undergraduate and postgraduate courses to over 1200 students (around 40 per cent of whom are women). SBPP has gone from a school that was on the verge of collapse to one that is now in great demand – most notably in the fields of economics and public policy.

It is important to highlight that aside from increasing local staff capability, student numbers and course offerings, there has also been a significant modernisation of the curriculum and the pedagogical approach. Key informants interviewed for this evaluation highlighted the shift that has taken place over the years with a greater focus on critical thinking and understanding concepts, as opposed to rote learning, this has resulted in higher grades as evidenced by ANU Economics Exam testing. These efforts have resulted in hundreds of PNG undergraduate and postgraduate students receiving a much higher quality economics and public policy education than would otherwise have been the case.

Under Stream 2, 'Collaborative research and outreach', the partnership provides a wide range of collaborative research opportunities for PNG students, including through the Devpolicy blogs, PNG update, primary research and publications, and database development. The latter includes the PNG Budget and Economic Databases. Over time, as local capacity in economics and public policy research has grown there have been significant improvements in collaborative research metrics. For example, in 2015, less than 10% of those who presented at the PNG Update were women, and less than 40% of presenters were from PNG. At the 2024 PNG Update, which had 1600 attendees, 69% of presenters were from PNG and 42% of those were women, including many who have benefitted directly from the ANU-UPNG Partnership. UPNG staff and students continue to collaborate with ANU staff and publish in a wide range of relevant areas, including on the Devpol blog and in international publications on topics such as tax reform, economic growth, resource governance and decentralisation, all topics of relevance to APEP.

Under Stream 3, 'Student and faculty exchanges in economics and public policy', high level visits between ANU and UPNG academics is a core component of the partnership, and the MDEC and Summer School activities provide opportunities for high performing UPNG economics and public policy students to engage with Australian

counterparts, learn new skills and be exposed to Australian teaching standards and university culture. Key informants interviewed for this evaluation who recently returned from their experience at the ANU highlighted the impact the experience had on their learning journey and how it has motivated them to advance their studies further.

Stream 4 'Project Management', includes those enabling activities that help ensure the smooth running of the partnership under APEP, including pastoral care costs, accommodation for academics, rent, personal distress alarms, phone credit, laptops and equipment as well as support for adherence to Child Protection (CP) and Protection from Sexual Exploitation, Abuse and Harassment (PSEAH) policies.

It is clear from the above discussion that the partnership has brought about a significant transformation in economics and public policy teaching and research capability in PNG. This has helped advance the objectives of the Australia-PNG Development Partnership Plan (2024-2029) in a number of ways. The partnership, which has delivered undergraduate and postgraduate training in economics and public policy to hundreds of public servants in PNG clearly contributes to Outcome 1.1. of the DPP by 'supporting improved macroeconomic management, public financial management and broader economic reform'. Without focused tracer studies or greater collaborative efforts between the partnership and central economic ministries it is hard to delineate the extent of this contribution, however.

The partnership also directly supports Outcome 3.3. of the DPP 'Supporting PNG to address barriers that prevent Papua New Guineans from fulfilling their potential and opening up opportunities for voice and leadership' by assisting women and people from marginalised communities reach their full potential via improvements in economics and public policy teaching and research, and by providing opportunities for thousands of students to access a high-quality economics and public policy education. The partnership also clearly supports Outcome 4.1 'Building and maintaining positive people-to-people and community relationships, networks and linkages between Papua New Guineans and Australians living in PNG and Australia' through its funding of hundreds of students and staff exchanges between Australia and PNG. And further, it has supported strengthening institutional linkages (Outcome 4.2) by establishing a strong and enduring partnership between the national universities in both countries.

2. How well does the ANU-UPNG Partnership align with and deliver on government and key stakeholder expectations?

Consultations with GoPNG stakeholders revealed limited knowledge of the partnership itself (especially as a component of APEP) but very strong awareness of its key activities. These activities include the PNG Update, which is well attended by GoPNG officials; the MEPP, which many GoPNG officials have benefitted from; and the various seminars and workshops organised by the partnership to which GoPNG officials are invited. As also noted in the partnership review, some PNG Government stakeholders felt the MEPP could be strengthened by the incorporation of more practical workplace-based projects and assignments as part of the curriculum, the development of short-courses that address key capacity constraints in ministries (e.g. statistics, data analysis etc) would be useful, and the joint commissioning of specific research activities could help address key knowledge gaps. The significant GoPNG investment in SBPP as highlighted in the review (PGK 5 million) signifies strong alignment with government expectations.

On the UPNG side, senior staff of SBPP were of the view that, noting the growth in institutional capacity, the good physical capital and demand for courses, consideration should be given to expanding the partnership, or funding other partnerships to include teaching and research support for SBPP's other divisions, which include accounting, banking and finance, business management, human resource management, management

information systems, strategic management and tourism and hospitality management. This is a logical suggestion and one that could build on the foundational work of the existing partnership. However, this support would be outside the Crawford Schools capacity and comparative advantage to deliver noting its focus on economics and public policy. Consideration could be given to widening the partnership to be an ANU-UPNG wide one, but this also has risks. It may also be the case that the ANU is not best positioned to deliver teaching and research support in areas where it does not have significant capability (e.g. tourism and hospitality management). The success of the existing partnership rests on the strong context specific knowledge of PNG the Crawford School and its academics bring to the partnership, this enables them to conduct research and design teaching activities that are relevant to context. This type of logic should be applied to any future partnerships with ANU or anyone else.

Students at UPNG consulted as part of this review commended the ANU and UPNG teaching staff on the quality of the courses delivered, and in particular the design and implementation of the Summer School and the pastoral care they receive in Australia. Students welcomed the academic challenges they face when attending Summer School, and the MIDEDEC, and felt that ANU staff understood their needs and provided the right amount of support, in what was for some a challenging curriculum. UPNG Public Policy students felt there was a need to better equip public policy students for the rigors of Summer School by exposing them earlier to quantitative thinking especially statistical analysis, which is not taught in the UPNG Public Policy degree. This seems like a sensible suggestion and something that should be investigated by SBPP staff. A foundation course in statistics could be made available to all SBPP students and may even be applicable to GoPNG agency staff and the private sector as a short course – see below.

3. *Is the ANU-UPNG Partnership leading to better employment and career outcomes for graduates?*

There is limited up-to-date evidence on the extent to which the partnership is leading to better employment and career opportunities for graduates. The last tracer study of economics graduates was conducted by the Development Policy Centre in 2020 (on the 2018 economics cohort). This study found that one year after graduation, 65% of students had obtained formal employment and 25% were looking for work. Of those who had obtained formal employment, the majority were working in the GoPNG public service, including Treasury, IRC, Bank of PNG, PNG Customs and other public service agencies that work with APEP to varying degrees. A trend that was observed in this study compared to the previous two studies (2015 and 2017) was a move away from private sector employment to the public service. It is beyond the scope of this review to conduct a tracer study or analyse trends in employment in PNG. It might be prudent for APEP to support the partnership conduct an up-to-date tracer study to assess the employment and career outcomes of a more recent cohort of graduates – see below.

On the UPNG side it should be noted that while the partnership does provide ongoing employment for its teaching staff, including those who have recently completed MIDEDEC's at ANU, these arrangements are not, in most cases, permanent and the conditions of employment may not be attractive enough to retain well qualified academics in a market where these skills are in high demand. The five-year bonding arrangement is working to retain staff at the present and, due to the number of high-quality graduates being produced supply may not be an issue, but there is nevertheless a need to design more sustainable human resource arrangements to ensure the high-quality staff who are making such a difference at UPNG can be retained and grow their careers. This is the biggest risk to the sustainability of the partnership's outcomes.

4. *How, and to what extent, is APEP providing additional value through its management of the ANU-UPNG Partnership?*

At present APEP is providing little additional value through its management of the partnership over and beyond the management of the contract, and the provision of logistical and security services. The various weaknesses discussed in this MTR around strategic planning, research-to-policy engagement, and MEL-research integration constrain APEP's capacity to add additional value. This was not what was foreshadowed in the initial APEP MEL Plan, which explained how APEP, under Pillar 5, would engage with research institutions to improve teaching, research and governance, and draw on research to inform the development and implementation of the various APEP pillar strategies. The technical weaknesses of these strategies suggest this has not happened. The MEL Plan also outlined the different types of economics-related research that may be funded by Pillar 5, research, which our findings suggest, may be very helpful noting the technical capability constraints across the program, and the main reform issues it seeks to tackle, these include:

- Analysis of Medium-term Revenue Strategies and Compliance
- Impact of Digitisation on Central Economic Agencies Revenue Collection
- Biosecurity and Trade Facilitation Capacity Building
- Policy Reform and Engagement with the Private Sector
- Central Agency Transformation and Adaptation to Changing Economic Conditions
- Impact of GEDSI Leadership Training provided to staff in Central Economic agencies
- Learning from existing instances of women's economic inclusion in a range of areas relevant to the Pillars.

Unfortunately, this type of programmatically relevant research has not been forthcoming.

As noted under Section 2.2, "the focus of IO11 (under EOPO 5) is on lifting the capability of PNG researchers, which is a precondition for elevated dialogue with government, and commissioning programmatically relevant research and studies, but there is little emphasis on monitoring research-to-policy outcomes. This is a critical gap as there are opportunities to do this including through the deeper integration of the ANU-UPNG Partnership within APEP". Due to the significant capacity that has been developed through the ANU-UPNG Partnership there is now an opportunity for APEP to deepen its engagement with UPNG economics and public policy staff and students to further advance localisation outcomes, improve sustainability (of SBPP as an institution), and deliver better research-to-policy outcomes.

This deeper integration can be supported by the recommendations below.

1. APEP should work with UPNG/ANU to design and deliver an updated tracer study (noting the last one was five years ago), which should trace employment outcomes, assess private sector versus public service employment trends, and identify major employers. This study should also assess the extent to which the skills obtained at SBPP are being utilised in employment and what the gaps are. This will provide important information that can inform curriculum development.
2. APEP should support UPNG/ANU develop an Alumni database, including master's and other students who now work in key economic ministries who partner with APEP, and this should be used for networking and research-to-policy communication purposes.
3. APEP, under Pillar 5, should map the research expertise of SBPP staff and work with these staff and central economic ministries to jointly commission programmatically relevant research, as applicable, this will help further build local research capacity, while strengthening GoPNG's capacity to identify, commission and utilise research for policy purposes - which should be one of Pillar 5's main objectives.

4. SBPP, with the support of ANU and APEP, should investigate whether it is feasible to deliver foundation statistics course(s) to all students at SBPP and whether such a course may also target GoPNG and private sector professionals as a short course. This will build quantitative expertise across the board and help raise revenue.
5. DFAT, with the support of ANU and APEP should investigate the costs, benefits and risks of expanding support to the remaining SBPP divisions, including identifying additional resources that may be required for this (any support should be additional to the existing funding).
6. The Partnership should continue to be funded under APEP to ensure continuity and predictability and maintain efficiency. The ANU and UPNG are delivering on their commitments to the partnership, it is incumbent upon APEP to better leverage the partnership to advance its outcomes and the outcomes in DFATs DPP.

2.6. Based on the findings and evidence derived from the MTR, what strategic direction should APEP consider for the future, given resourcing constraints, and what elements of APEP should be omitted, added or adjusted?

Based on the evidence collected throughout this MTR, including field interviews, programme documentation, performance data, and stakeholder feedback, there is a clear case for a programme-wide reset. While APEP remains conceptually relevant and technically capable in some areas, its structural and operational challenges have significantly undermined delivery. The following recommendations offer a pathway to refocus, consolidate, and strengthen the programme's impact over the remaining implementation period and into any future design phase – the figure below outlines a workplan for the proposed pathway.

Note, a range of other specific recommendations around the ANU-UPNG partnership, MEL, efficiency, GEDSI, and sustainability are contained in the body of the report.

This MTR's primary recommendations are:

1. APEP should completely rebuild its programme strategy over the next six months

A core priority over the next six months is to reconstruct APEP's overarching programme logic. The current lack of a shared theory of change has weakened alignment across pillars and reduced the ability of the programme to communicate a cohesive identity. It is essential that APEP introduces a programme-wide theory of change and develops a Performance Assessment Framework (PAF) that clearly links intermediate outcomes to measurable indicators, milestones, and learning mechanisms. This includes identifying a range of sensible, complementary, and integrative themes to coalesce the program around. In particular, greater clarity is needed on how the facility's cross-cutting economic governance functions, such as tax policy, debt management, fiscal forecasting, and payment systems, can interact meaningfully with inclusive finance, trade, and livelihoods programming under other pillars. This will help ensure that pillar-level strategies aren't developed in silos but speak to each other, ensuring the programme can be more than the sum of its parts. This may have cost implications for the program as external expertise may be required to facilitate this strategic reset.

2. APEP should strengthen its technical leadership through the employment of subject matters experts

Several pillars (most notably Pillars 1, 2 and 4) suffer from insufficient subject-matter depth at the leadership level and/or insufficient strategic planning capability, this undermines technical credibility and strategic

direction. Where gaps in expertise are persistent, APEP should take steps to restructure pillar leadership or recruit specialists with stronger alignment to the programme's core technical mandates. Moreover, coordination across pillars remains inconsistent. Reform areas such as PFM, resource governance, inclusive markets, GEDSI, and research are inherently cross-cutting. APEP should invest in building cross-pillar coordination capacity through regular joint planning forums, shared outcome reporting, and collaborative workplans.

For example, the cash forecasting workstream under Pillars 1 and 2 could be integrated with support to payment platforms or revenue flows under Pillar 3, while agricultural expenditure tracking could be aligned with rural livelihoods initiatives in Pillar 4. Leadership must shift from individual personalities to structured systems of collaboration. APEP will need to invest in high-level development effectiveness and performance expertise to drive this type of cross-pillar collaboration and coherence.

This recommendation will have cost implications for the programme as high-quality technical staff will need to be recruited and recompensed at a level higher than is currently the case.

3. APEP should take immediate steps to institutionalise its tools and practices within GoPNG agencies

Technical tools and models supported by APEP, particularly in macro-fiscal forecasting and IFMS use, must be transitioned to GoPNG ownership. This will require the development of user manuals, standard operating procedures, and government-hosted training modules. Capacity transfer should be central to activity design and tracked through dedicated workstreams with measurable capacity benchmarks for GoPNG partners.

To ensure long-term sustainability, APEP should embed training and career pathways for PFM and fiscal analysts. This may include formal partnerships with PNG's universities (e.g. UPNG), a graduate mentorship pipeline, and alignment with GoPNG's internal HR and training systems. These efforts must go beyond one-off workshops to create institutional capacity for ongoing learning and knowledge management.

4. APEP should rationalise its delivery model

The current breadth of APEP's activity portfolio has contributed to fragmentation, over-extension, and weakened focus. Going forward, APEP should concentrate on fewer, high-impact interventions that are scalable and strategically aligned with national reform priorities. A clear set of priority areas should be identified in consultation with DFAT and GoPNG, with a shift toward more programmatic, bundled interventions rather than fragmented stand-alone projects.

Internal operations must also be streamlined. The shared services interface has slowed delivery and reduced visibility for technical teams. APEP should reform its operational model to ensure that pillar leads have greater oversight and access to procurement, HR, and contracting systems. Workflow tracking, timeline dashboards, and process accountability mechanisms should be introduced.

APEP should also review whether its current delivery model, particularly the reliance on a centralised conduit to shared services, remains viable in a programme of this scale and complexity. Consideration should be given to whether decentralised support teams or functional dual-reporting models could alleviate bottlenecks.

5. APEP should enhance partnerships with civil society and academic partners, while strengthening M&E and program-wide learning

To rebuild its credibility and broaden its impact, APEP must restore meaningful engagement with civil society and academic partners and deepen engagement with the ANU-UPNG Partnership. Past engagement with

institutions like Transparency International PNG, and the WBRC has demonstrated strong potential—but was not sustained. Future partnerships should be co-designed, clearly scoped, and embedded within pillar strategies.

The programme must also begin to treat GEDSI, MEL, and research outputs as core programmatic inputs rather than peripheral activities. This means using learning products to inform programme design, linking GEDSI indicators to activity outcomes, and involving research partners in shaping reform directions. For example, GEDSI data from Mama Bank and WBRC can support the integration of gender-responsive budgeting into public financial management workstreams, while academic partners can provide independent validation of results and advise on emerging policy risks. APEP should reposition itself as a learning-driven facility with clear feedback loops and visible adaptation.

6. APEP should design and pilot subnational models

APEP should establish 2–3 provincial demonstration sites that model the full public financial management cycle - from budget formulation to expenditure execution, reporting, and service delivery outcomes. These pilots should integrate IFMS rollout with localised sectoral spending analysis (e.g. in health, education, agriculture) and establish local accountability mechanisms such as audit support or community monitoring.

These models can serve as blueprints for wider replication and will also provide the programme with real-world testing environments to refine its approaches and demonstrate value for money. Partnering with institutions like NEFC, provincial treasuries, and local CSOs will be essential to grounding these pilots in realistic and contextually appropriate practices. Consideration should also be given to embedding gender and inclusion markers into these pilots from the outset, including mechanisms for disaggregated data reporting, local women's group participation, and safeguards for inclusive access to services.

7. APEP should strengthen all aspects of GEDSI

To achieve its GEDSI outcomes, APEP must move beyond compliance-driven approaches and ensure gender equality, disability inclusion, and social equity are embedded in both design and delivery. This requires a strategic and operational shift. APEP should integrate GEDSI specialists directly into activity design teams to ensure that PADs include contextually relevant, feasible, and measurable GEDSI actions. GEDSI analysis must inform all stages of the programme cycle, from early diagnostics and stakeholder engagement to implementation and results monitoring.

Monitoring frameworks must include GEDSI-specific indicators (both qualitative and quantitative), and progress against these should be tracked systematically. Activity-level reporting should capture not only inclusion outcomes, but also barriers, unintended consequences, and lessons for adaptive management. The program should ensure stronger alignment between the GEDSI strategy, the MERLA framework, and pillar-level results.

This recommendation has financial implications. To enable the shift required, both human and financial resources dedicated to GEDSI must be increased in line with other comparable DFAT programs. This includes the recruitment of a full-time GEDSI lead with senior performance influence, supplementary technical inputs in WEE and inclusive budgeting, and operational funding for co-designed initiatives with local partners.

Finally, a redesigned APEP should clarify that GEDSI is not only a cross-cutting principle but a distinct outcome area requiring dedicated investment, programming, and influence within the broader governance and economic reform agenda. Treating GEDSI as both an internal obligation and an external strategic opportunity will allow APEP to make meaningful contributions to inclusive growth in PNG.

8. APEP should refresh its 'Ways of Working' with DFAT

APEP and DFAT should use the programme reset suggested herein as an opportunity to rebuild trust by refreshing the existing 'ways of working'. At the strategic level this will involve elevating engagement between APEP technical staff and DFAT's Minister Counsellor. This will provide much needed strategic direction, while assisting with the management of risks and coherence across DFAT's aid programme. At the programme level, this will involve developing clear entry points for substantive engagement at the pillar and activity levels, including early engagement around new activities, the rationalisation of PADs, joined up learning opportunities, informal and formal programme updates, and externally facilitated systematic 'health checks'. APEP and DFAT (Economics) team 'ways of working' with other DFAT teams (e.g. GEDSI) and aid programmes (e.g. PIPP) also needs to be more clearly articulated and time and resources set aside to engage with these important actors. In addition, APEP's MERLA system needs to monitor the extent to which the 'ways of working' has been strengthened. There are financial implications for this recommendation as it may be prudent for an independent expert to support the recalibration of the ways of working suggested herein.

9. DFAT should extend APEP into a second phase provided it makes demonstrable progress against the suggested reform pathway over the next nine months

While the program faces significant challenges, it is possible to turn things around if the recommendations herein are adopted and progress against the reform pathway monitored closely. The evaluation team considers that APEP retains significant latent value and a credible role in Australia's broader economic partnership with PNG. **As such the evaluation team recommends that DFAT extend APEP into a second phase only if demonstrable and measurable progress is achieved against the reform pathway within the next nine months.** It is important that an internal APEP change management team, ideally anchored within the SMT and including the Director, senior technical leads, and the MEL manager, drive the type of operational and cultural shifts required. This team should work in close partnership with DFAT to ensure alignment of strategic priorities and accountability for implementation. Supplementary support via Abt Global corporate staff, while valuable, is unlikely to result in the type of institutionalisation required unless it is embedded within internal programme leadership and systems and may just lead to the same issues re-occurring.

This recommendation will have cost and resourcing implications for DFAT. As DFAT will need to allocate a dedicated, officer (~0.5 FTE), ideally with a strong background in performance oversight and program implementation to actively monitor and steer the change process. This officer could be supported by a Development Effectiveness STA or MERL adviser, if required. Clear reporting milestones, linked to the Gantt-style reform roadmap presented in this report, should guide performance assessment during this transition period (see below).

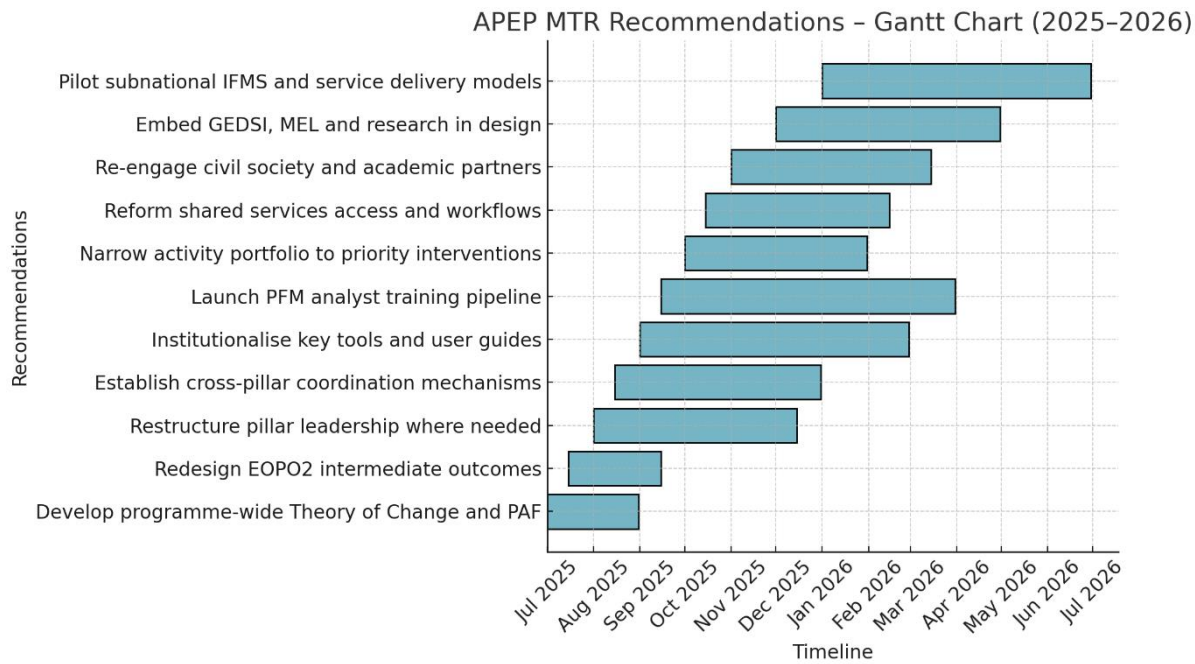


Fig 4

3. Conclusion

This Mid-Term Review confirms that the programme has made technically credible contributions under EOPOs 1, 2 and 4 in particular. However, these successes are tempered by a broader picture of underperformance, fragmentation, and missed opportunities. APEP’s early design failed to establish the coherent architecture, strategic continuity, and leadership required to operationalise its ambitious mandate. The decision to recruit pillar leads prior to the programme director, coupled with the absence of a consolidated theory of change or performance framework, resulted in a disjointed implementation approach. Many pillars evolved independently, often with overlapping or conflicting scopes, and without strong horizontal coordination.

Field interviews consistently highlighted the limited technical depth and strategic capacity of several key staff, particularly among the original pillar leads. Their ability to translate high-level objectives into actionable programming was weak, leading to ad hoc activity design, missed synergies, and a reliance on DFAT for course correction. While recent personnel changes at the leadership level have created an opportunity for reform, much of the damage—particularly to stakeholder trust and internal cohesion—has already occurred.

Across pillars, implementation has been hampered by internal systems that are not fit for purpose. The shared services model, though logical in concept, is operationally opaque and centralised. Key staff reported that they had no visibility over recruitment or procurement processes, resulting in delays and inefficiencies. Workflow management tools such as Smartsheets were discontinued without replacement, and institutional memory from EGIG was largely lost in the transition. This has led to administrative bottlenecks, inconsistent standards, and weak accountability.

Sub nationally, APEP has struggled to demonstrate meaningful traction. Engagement with provinces is limited, with most support concentrated in Western Province, and efforts to link PFM systems to service delivery outcomes are still at a formative stage. IFMS rollout has resumed, but local capacity to absorb, use, and sustain financial management reforms remains extremely low. Provincial treasuries lack trained personnel,

infrastructure is uneven, and sectoral coordination is largely absent. Without demonstration pilots or a coherent provincial strategy, APEP risks remaining peripheral to the broader service delivery challenge in PNG.

From a performance management perspective, APEP lacks the systems required to generate real-time learning and adaptive programming. While MERLA frameworks exist, they have not been consistently integrated into activity cycles or decision-making. Pillar leads have not routinely used these tools for planning or reflection, and performance appraisal processes remain uneven or absent altogether. The programme has also struggled to define and track institutional change—capacity development has been incidental rather than structured, and the long-term sustainability of tools and reforms remains uncertain.

Despite these limitations, stakeholders across government, civil society, and DFAT continue to express a desire for APEP to succeed. There is a shared recognition that the programme fills a critical niche—providing flexible, policy-oriented technical assistance that few other investments can offer. Recent improvements in leadership, the introduction of Project Activity Documents (PADs), and stronger collaboration on flagship initiatives like the Mama Bank revolving fund illustrate that the programme still holds promise.

To realise this potential, APEP must now shift from fragmented delivery to focused, coordinated implementation. This will require a rearticulation of programme strategy, a realistic narrowing of ambition, and a disciplined approach to activity design and execution. The programme must prioritise fewer, high-value interventions and build demonstrable models of success—particularly in provincial PFM, inclusive finance, and gender-responsive budgeting.

Internally, APEP must professionalise its management systems, restructure shared services, and embed technical leadership that can deliver against sectoral priorities. Cross-pillar collaboration must become the norm, not the exception. Equally, the programme must invest in relationships—with government, with civil society, and with its own team. Performance cannot improve without trust, clarity, and coordination.

In short, the mid-point of APEP's implementation offers a critical opportunity to reset. The building blocks for success are present, but without decisive action, the programme risks continuing to underdeliver. A more focused, smarter, and strategically disciplined APEP can still play a transformative role in PNG's fiscal, and public financial management reform landscape, while supporting private sector and agricultural development. The challenge now is to deliver on that potential.