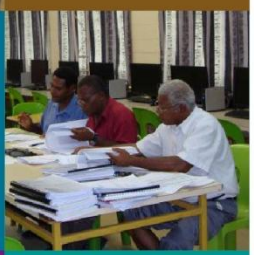
INCENTIVE FUND

Australia and Papua New Guinea working together,
strengthening organisations, building stronger communities

2012 Annual Plan

February 2012



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ABBREVIATIONS

AGH	Alotau General Hospital
AUD	Australian dollar
AusAID	Australian Agency for International Development
Coffey	Coffey International Development
CCI	Cross cutting issues
CHS	Catholic Health Services
CP	Concept Proposal
DfCD	Department for Community Development
DNPM	Department of National Planning and Monitoring
DP	Detailed Proposal
GoA	Government of Australia
GoPNG	Government of Papua New Guinea
GST	Goods and Services Tax
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IF	Incentive Fund 2010-2014
IFA	Incentive Fund Agreement
IRC	Internal Revenue Commission
IT	Information technology
M&E	Monitoring and evaluation
MEF	Monitoring and Evaluation Framework
MG	Management Group
MTDP	Medium Term Development Plan
OA	Organisational Assessment
ODE	Office of Development Effectiveness (AusAID)
PAU	Pacific Adventist University
PGK	Papua New Guinea Kina
PNG	Papua New Guinea
SMG	Sub-Management Group
SNS	Sub-National Strategy
SPSN	Strongim Pipol Strongim Nesen

1. Background

The Incentive Fund was launched on 10 March 2010 by the Australian High Commissioner His Excellency, Ian Kemish and the then Honourable Minister for National Planning and District Development, Paul Tiensten. Coffey International Development established the Incentive Fund 2010-2014 office on 10 June, 2010.

In the three months between the official launch and the opening of the Incentive Fund office in June, AusAID and the PNG Department of National Planning and Monitoring (DNPM) conducted awareness workshops in eight provinces resulting in 116 Concept Proposals being lodged with AusAID. By December 2011 a further 93 Concept Proposals were received, making a total of 209. A steady flow of concept proposals are now being received, averaging around 12 a quarter.

In total 27 (13%) of the 209 proposals have passed Stages 1 and 2 of the four stage screening process[1] and have been submitted to the Management Group for consideration[2]. 25 were passed by the Management Group for an organisational assessment (OA), 23 of which were completed as at 16 December 2011. Eighteen of those organisations were invited by the Management Group to prepare Detailed Proposals.

Thirteen Detailed Proposals have been approved for funding by the Management Group. Twelve now have Incentive Fund Agreements in place and project implementation has commenced; the outstanding Incentive Fund Agreement (IFA) has been prepared and will be signed on the 21 February 2012. A further four organisations are working on Detailed Proposals and these are expected in the first quarter of 2012. Organisations currently undergoing Organisational Assessments, and if successful, would be expected to submit a Detailed Proposal by June 2012.

The Incentive Fund has presented a series of awareness sessions for targeted provinces (New Ireland, Autonomous Region of Bougainville, Morobe, Gulf and Sandaun), the National Departments of Education and Health, and AusAID Sub-National Strategy (SNS) team. In November 2011, at the request of the East New Britain Provincial Administration an awareness session was held for all concerned stakeholders in the province. The team also conducts regular consultative meetings with the other AusAID small grant program Strongim Pipol Strongim Nesen (SPSN).

Establishing, maintaining and strengthening relationships with key stakeholders and PNG organisations continue to be a key focus for the Incentive Fund team. Sector consultation and coordination has been and will continue to be an important aspect of the program.

"One of the major achievements of the Incentive Fund is the establishment and maintenance of a strong relationship and robust communication with GoPNG (DNPM) as a major partner in program implementation and overall decision-making. It is a strong feature of this phase of the Incentive Fund which has contributed towards its success so far".

(SMG Member)

[1] The four stages are: (1) Initial gateway criteria assessment by the Managing Contractor; (2) Development priorities assessment by DNPM and AusAID (Sub-management Group); (3) Organisational Assessment by the Managing Contractor and Detailed Proposal (prepared by the organisation); and (4) Management Group approval, Incentive Fund Agreement drawn up (by the Managing Contractor) and implementation of the project.

[2] Two factors account for the majority of Concept Proposals not passing through Stage 1 of the 4-stage process: lack of evidence of 2 years of audited accounts and (less often) no evidence of clear land title.

2. Introduction and context for 2012

The goal of the Incentive Fund is:

- *"To deliver significant and immediately tangible economic and/or social development outcomes for men, women and children."*

The Incentive Fund purpose is:

- *"To strengthen and reward performing Papua New Guinean organisations capable of delivering and maintaining high impact development activities that benefit men, women and children."*

The Incentive Fund Annual Plan is a contractual milestone requiring the prioritisation of agreed activities, timeframes and resourcing around three program components for the period January to December 2012. When approved by the Management Group, the Annual Plan provides the basis of the program's funded project activities and pipeline focus for 2012. All funded projects reflect the Government of Papua New Guinea's focus on health and education.

The three program components are:

- program implementation
- program monitoring and evaluation
- program management.

Further details on the key activities for 2012 within each program component are provided in Section 3 of this Annual Plan.

2.1 Major achievements 2011

The achievements of the past twelve months of operations are summarised in a series of tables that focus on each of the Incentive Fund key program components. The full content of these tables is included as Appendix 9.

A summary of the major achievements for 2011 are:

- Developed 13 Incentive Fund Agreements for approved projects in GoPNG's priority areas of health and education, to be implemented in 2011 and 2012;
- Supported and managed one funded project to successful completion.
- Established an overall funding proposal pipeline and estimated budget forecast to guide AusAID and the Management Group decisions and priorities in 2012;
- Established and maintained positive key stakeholder relationships including open and robust communication;
- Established stakeholder and beneficiary consultations for performance management purposes;
- All key milestone documents completed and approved by AusAID and Management Group;
- Promoted and supported Department for Community Development (DfCD) to form a Cross Cutting Issues Working Group which has adopted the Incentive Fund Cross Cutting Issues framework and checklist of practical activities for production of a Cross Cutting Issues Working Group book;
- Supported DfCD Provincial offices to establish linkages with funded projects to support Cross Cutting Issues activities;
- Engaged an independent external auditor and carried out a successful audit of the Incentive Fund Imprest Account for the 10 months from June 2010 to 30 April 2011;
- Collected the first tranche of GST refund cheques for three funded projects from the Internal Revenue Commission (IRC) in September 2011 through ongoing efforts in maintaining mutual relationship with the IRC;
- Contributed to a case study undertaken by the Office of Development Effectiveness (ODE), Canberra to examine good performance management practices employed by the Incentive Fund. The study examined the way in which the Incentive Fund has "*reflected on its priorities and practice to increasingly emphasise a results focus in its program management practices*"[3];

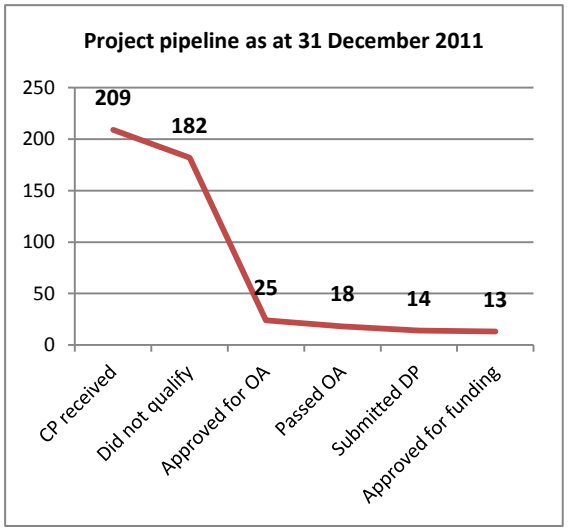
[3] From Ian Patrick and Associates, *ODE Case Study: Good Practice in Performance Management: Lessons from the Incentive Fund (Papua New Guinea)* 20 December 2011, p1. The key questions included: What is the *quality* of performance management systems? How is performance information *used*? How has the performance management contributed to *better development outcomes and results*? Is there evidence of building improved *capacity* for performance management in the program and in partner systems?

A summary of specific achievements by each funded organisation at implementation is discussed in detail in the 2011 Annual Report (due 1 March 2012).

2.2 Context for 2012: the Concept Proposal pipeline

Two hundred and nine concept proposals have been through Stage 1 Gateway Screening and Stage 2 Development Screening. The total funding sought through the 209 concept proposals totalled over K836 million and of these:

- 182 (87%) did not meet the gateway and/or development criteria;
- 27 (13%) have been approved for an Organisational Assessment (total value K168,471,290);
- 16 (8%) organisations were invited to submit Detailed Proposals (14 have been received); and
- 13 (6%) organisations have been approved for funding by the Management Group.



The active pipeline as at 1 January 2012 consists of:

- One project complete and entering the defects liability period;
- 13 projects currently in progress with regular monitoring;
- One IFA signing ceremony in February;
- Four Detailed Proposals being prepared;
- New concept proposals being received and screened until 30 June 2012;
- Two organisational assessments to be completed by the end of February 2012; and
- Four Detailed Proposals expected within the first four months of 2012.

3. Key activities and outputs for 2012

3.1 Overall approach

The Incentive Fund program and team will continue to support the strategic leadership role of their Management Group throughout 2012 and to ensure that key stakeholders and organisations are informed of and respect the role and decisions of the Management Group. In 2012, long-standing members of the Management Group will retire. A phased approach in this rotation of members will help ensure continuity and retention of knowledge.

The Incentive Fund team will maintain these key relationships to ensure that the current standard of support and information is maintained.

Through the disciplined use of the 4-Stage process, a stream of performing organisations and their detailed proposals for funding and implementation will be supported. The concept proposal pipeline and organisational assessments will be progressed within appropriate timeframes to ensure that all projects are completed before June 2014 and all available funding is utilised appropriately to achieve maximum impact.

Organisations with projects under implementation will continue to be supported and encouraged by the development specialists through the regime of weekly phone calls, regular (at least quarterly) site visits, email and fax contacts and information and advice as sought or necessary.

3.2 Challenges to be considered

Incentive Fund completion date

As all funded projects are required to be completed by 30 June 2014 (with a suitable defects liability period) the Incentive Fund will cease accepting Concept Proposals as at the end of March 2012.

The pipeline will be managed to ensure that Organisational Assessments and Detailed Proposals already in the system are expedited and that any further Incentive Fund Agreements for funding will be signed before the end of December 2012. All funded projects will require an implementation schedule which ensures completion of all works by December 2013.

Funding

No additional funding will be made available to this phase of the Incentive Fund, apart from GST refunds obtained from existing projects. As at 1 January 2012, approximately AUD40 million of the total Incentive Fund grant funding of AUD60 million, has been committed through Incentive Fund Agreements. A further AUD16 million will be needed to support the current pipeline of organisations at Organisational Assessment and Detailed Proposal stages[4]. This leaves a balance of approximately AUD4 million to be allocated by the Management Group before the end of 2012, ensuring project completion by end June 2014. Funds originally allocated to year 4 (2013-2014) will be brought forward for allocation in year 3 (2012-2013) to cover final expenditure on projects.

The 2012 Organisational Assessments and Detailed Proposal pipeline will comply with these times and budgetary restrictions and it is anticipated that the remaining AUD4 million would be committed by the end of 2012.

[4] The projected budget for the four expected Detailed Proposals and two Organisational Assessments (if approved by the MG to submit Detailed Proposals) is about AUD 16 million (PGK 35 million). It is expected that all four Detailed Proposals would be lodged before June 2012. This would bring the total committed funding to about AUD50 million (PGK109 million).

GST

At the end of 2012 GST refunds of AUD1.2 million will be received. The Management Group has agreed in principle that these funds could be used to support projects approved under the current phase.

Monitoring and evaluation

Funded projects will continue to receive monitoring training and to provide monthly technical and financial monitoring reports, using the templates provided by the Incentive Fund. These reports assist the Development Specialists to acknowledge the project achievements and to identify any issues which might impact on project implementation.

All organisations will provide commentary each quarter on project activities in the areas of gender, HIV/AIDS, child protection and/or disability.

Organisations will undertake stakeholder consultations every six months, using interviews and group meetings to discuss the progress of their project, the potential outcomes for key stakeholders and beneficiaries, and relationships between the organisation and key stakeholders. Organisations will also provide regular structured feedback to the Incentive Fund team on the level of support they are receiving.

In 2012, 6 organisations are scheduled to complete their projects on time and to budget[5]. As the projects near completion the Development Specialists working with each of these organisations will discuss the capacity of the organisation to undertake a post-completion evaluation. As outlined in the Incentive Fund Monitoring and Evaluation framework (MEF) a small number of organisations will be capable of this and will be encouraged to do so. Where this is not the case the Incentive Fund will undertake a process evaluation to examine project

[5] This includes Pacific Adventist University; however PAU has experienced extreme delays and is unlikely to complete the project in 2012.

implementation and management, unexpected issues or risks, the capacity of the organisation and lessons learnt.

Expected development outcomes are not easily identified until one or two years after project completion. Impacts cannot usually be seen until an even longer period of time has elapsed. This is significant when planning activities for 2012.

A draft timetable for expected development outcomes evaluations has been established and one project, Maritime College, will be ready for evaluation in October 2012. Projects completed at St Mary's Hospital, Divine Word University, Mainohana Secondary School, Vanimo General Hospital and Notre Dame Secondary School will be ready for development outcomes evaluations in 2013.

Membership of the Incentive Fund Management Group

The tenure for the three independent members of the Incentive Fund Management Group expired in December 2011 and by mutual agreement between the Papua New Guinean and Australian governments, tenures were extended for between nine and eighteen months. This allows a gradual integration of selected new members into the Management Group. This strategy took into account two key issues:

1. the need to maintain stability within the Management Group and mitigate any risk related to the PNG national elections to be held in June 2012 and any potential impact that may have on the DNPM representation; and
2. the turnover of AusAID personnel during the first quarter of 2012.

It is going to be critical for the Sub-Management Group to identify appropriately qualified and experienced people for appointment as independent members of the Management Group before June 2012. This will enable the first replacement to take place in September 2012; followed by the second in March 2013; with the final replacement in June 2013. Once all new members are established into the Management Group structure, the full Management Group will elect the new Chairperson.

Relationships

In 2012 the relationship between the Incentive Fund and the wider Papua New Guinea audience, particularly eligible organisations, will need to be carefully managed.

The messages about the closure of phase 3 and any plans for an Incentive Fund program after phase 3 must be:

- very clear and positive in language (English and Tok Pisin) and tone;
- very accessible through media and internet to organisations across PNG; and
- manage expectations of PNG organisations who have intended to prepare Concept Proposals after March 2012

The Incentive Fund team will work closely with AusAID, DNPM and the Management Group to ensure that relationships with all stakeholders remain strong and positive.

The strong relationships forged between the Incentive Fund team and AusAID, the Government of PNG through DNPM and DfCD, and with funded organisations, will continue to be supported throughout 2012 and beyond. The "Looking Back, Looking Forward" workshop in February will cement the learning of 2010-2011, and allow the members of the Sub-Management and Management Groups to indicate the level of involvement they will require during 2012-2013.

In particular, the Incentive Fund team will continue to invite representatives of AusAID and DNPM to accompany team members on site visits for Implementation Workshops or general monitoring or special visits. In this way both AusAID and DNPM are completely

familiar with the processes of capacity building and project implementation that provide a framework for quality management.

Sector priorities

The Incentive Fund is demand-driven and accepts, assesses and makes recommendations for funding based on the capacity of eligible organisations to successfully complete an appropriate project within development aid priority areas of health and education. The ratio of education to health sector proposals is high and this is reflected in the proportion of funding awarded to the education sector – a total of 65 per cent. This issue was discussed at the Management Group meeting in December 2011 and it was agreed that the demand-driven approach would remain in place.

No positive discrimination towards the health sector will apply.

Risk management

The key risk identified as specific to 2012 is the national election in June. (Security or political disruption) rated as of medium likelihood and high impact from April to July. During this period Development Specialists will be required to keep their provincial travel to a minimum. Risks to safety will be monitored through the Coffey in-country Support Office. Incentive Fund recommendations to organisations commencing projects will be to use a phased approach to implementation, complemented by a risk management strategy.

Other key risks include:

- Shortage of expertise, contractors, labour and/or materials due to demands from the burgeoning Liquid Natural Gas (LNG) project in PNG;
- A breakdown in relationships between the Incentive Fund and stakeholders including funded organisations;
- Funded organisations not fulfilling commitments in activities on gender, child protection, HIV/AIDS or disability, or in monitoring project activities; and
- Fraud.
- Disruption to road transportation systems due to natural disasters, i.e. land-slips, flooding

The Risk Management Matrix in Appendix 10 outlines the strategies to be implemented as risks occur.

3.2 Funded projects timeline

Eight Projects completing in 2012

K43,921,488 in completed projects

➡		JAN	➡	Catholic Health Services Madang Stage 2 **commencement**
➡	K5,800,000	FEB	➡	Maritime College **opening**
			➡	Kudjip Nazarene Hospital **commencement**
			➡	Mt Hagen Technical College **IFA signing**
➡	K8,301,700	MAR	➡	Divine Word University **completion**
		APR	➡	Catholic Health Services Madang Stage 3 **commencement**
➡	K2,008,292	MAY	➡	Catholic Health Services Madang Stage 1 **completion**
➡	K635,754	JUN	➡	Catholic Health Service Stage 2 **completion**
➡	K9,770,660	AUG	➡	Mainohana Development Project **completion**
➡	K1,650,128	SEP	➡	St. Mary's Hospital **completion**
➡	K7,825,000	OCT	➡	Vanimo General Hospital **completion**
➡	K5,074,000		➡	Notre Dame Secondary School **completion**
		NOV	➡	Catholic Health Services Madang Stage 2 **completion**
➡	K2,855,954	DEC	➡	Catholic Health Services Madang Stage 3 **completion**

2012 Pipeline

Detailed Proposal
Mt. Hagen Catholic Health Services
West New Britain Provincial Administration
Sideia Health Centre
St. Maria School, Watuluma

Organisational Assessment
Hohola Youth Development Centre
National Agricultural Research Institute

2013 Projected completion dates

30 May 2013	**Alotau General Hospital** K10,000,000
31 March 2013	**Sonoma Adventist College** K 2,047,631
31 May 2013	**Marianville Secondary School** K 4,763,000
8 June 2014	**Kudjip Nazarene Hospital** K 9,380 500
8 June 2014	**Mt. Hagen Technical College** K 8,532,711
Total	K 34,713,842

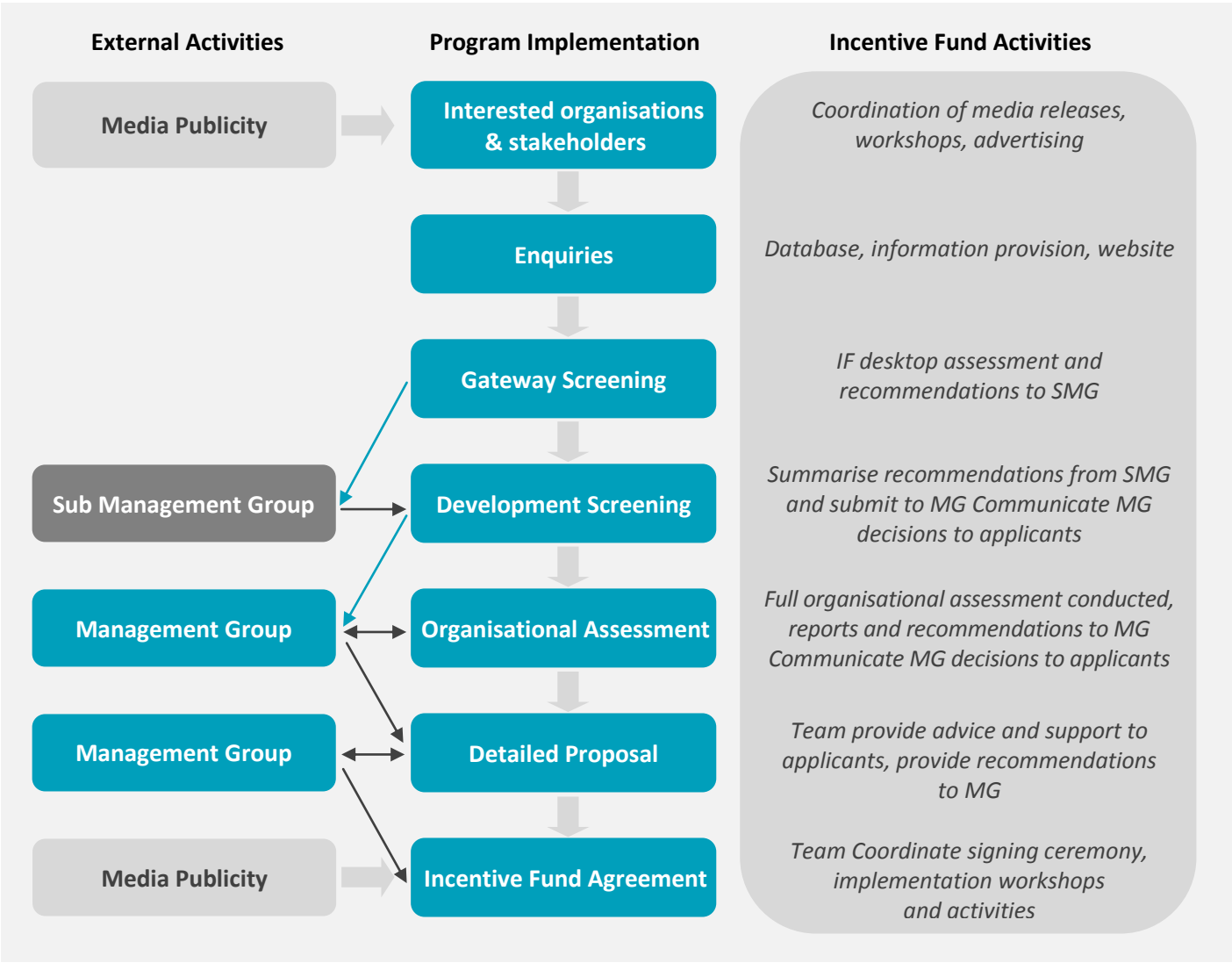
3.3 2012 Work program

Three flowcharts (Figures 1 to 3 below) present an overview of the framework within which the Incentive Fund team will operate throughout 2012 and beyond. Full details of the discreet activities within each output level are available in Appendix 1.

Output 1: Program implementation activities

This output includes the screening and assessment of proposals for funding, as well as supporting the Sub Management Group and Management Group to make informed decisions. It also includes the management of individual projects for successful completion and the achievement of expected development outcomes.

Figure 1: Incentive Fund Output 1: Program implementation activities 2012

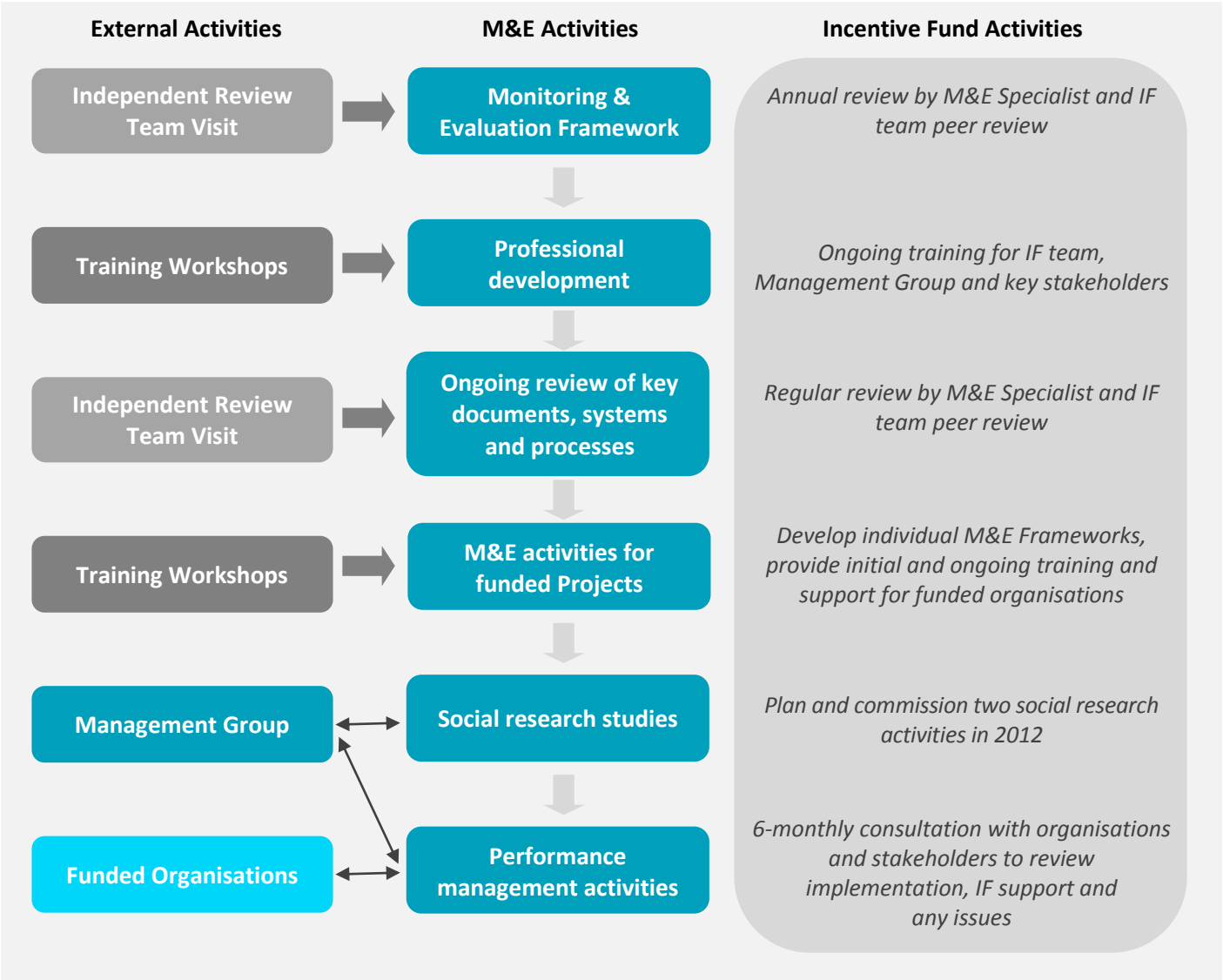


Output 2: Monitoring and evaluation activities 2012

Activity areas outlined in Figure 2 are all related to monitoring and evaluation and social research. All funded organisations will be supported to ensure they provide satisfactory monthly financial and technical reports. As new Incentive Fund Agreements are signed, comprehensive Implementation Workshops that include a focus on monitoring and evaluation are provided.

Every six months the Incentive Fund Development Specialists support the organisations to undertake stakeholder and beneficiary consultations regarding the progress of their funded projects. As well the organisations provide feedback to the Incentive Fund on their level of satisfaction with the Incentive Fund support and activities.

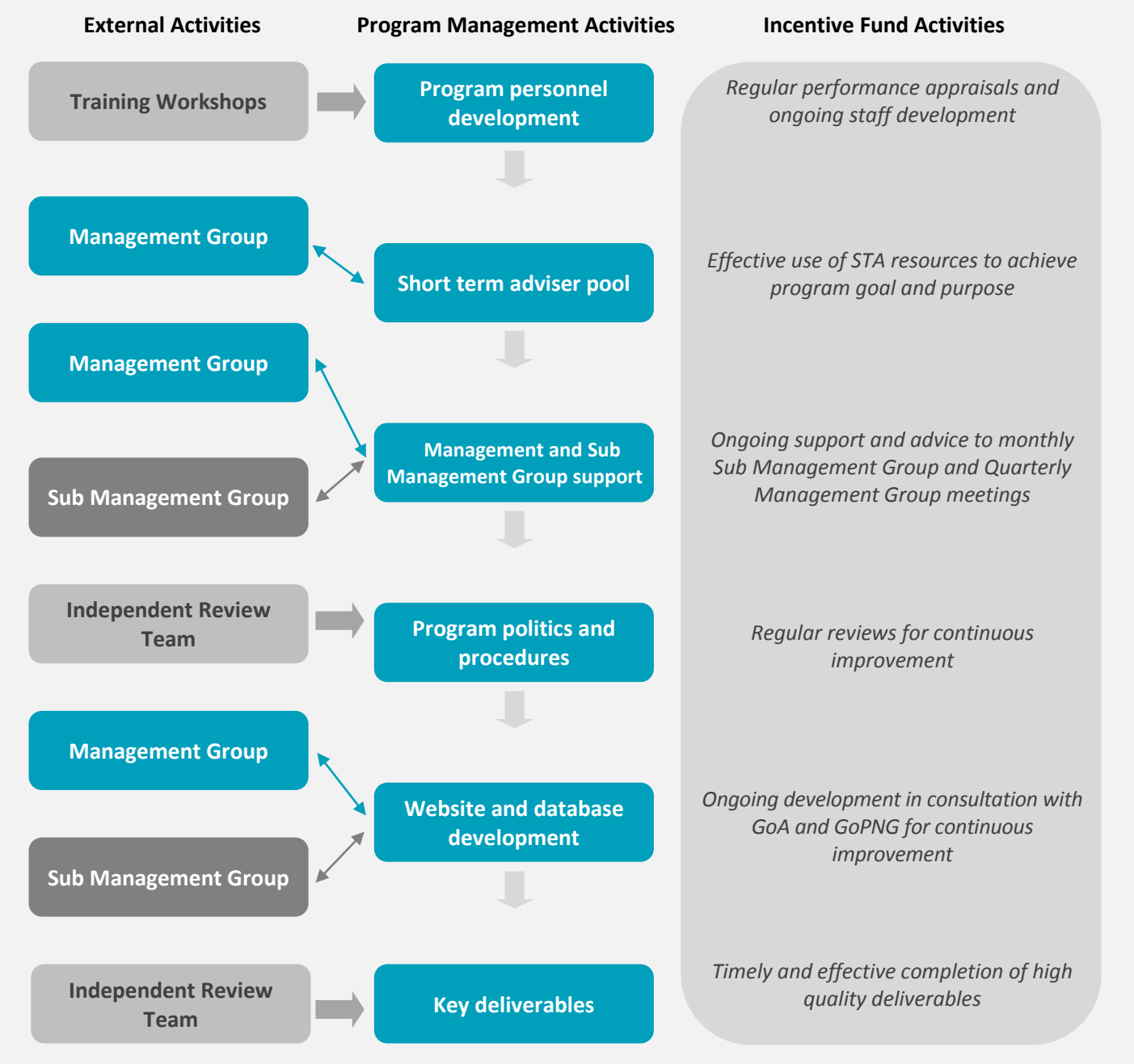
Figure 2: Incentive Fund Output 2: Monitoring and evaluation activities 2012



Output 3: Program management activities 2012

Activity areas outlined in Figure 3 cover staff development, management and Sub Management and Management Group support, and office procedures frameworks within which all Incentive Fund activities are undertaken. The database and web site resources are developed and maintained under this output area as is the short term adviser pool. Social research activities drawing resources from this pool will be managed under output area 3.

Figure 3: Incentive Fund Output 3: Program management activities 2012



4 Resourcing of the 2012 work plan

Program expenditure to date versus budget

As at 1 January 2012, a total of AUD 22.5 million has been expended against the total Incentive Fund Program budget of AUD 74.3 million. The breakup of the expenditure is as follows:

- Operational expenditure including fixed management fees of AUD 4.6 million.
- Incentive Fund grants to funded projects of AUD 17.9 million.
- Detail of program expenditure is included as Appendix 4.

2012 Budget

The total budget for 2012 is forecast at AUD 32.3 million. Estimated expenditures are:

1. Operational expenditure including fixed management fees of about AUD 3.3 million
2. Incentive Fund grants

- 13 approved projects AUD 18.2 million
- 4 organisations at Detailed Proposal stage AUD 6.1 million
- 2 organisations at Organisational Assessment stage AUD 3.3 million
- 1 additional project AUD 1.4 million

Detail of program expenditure is included as Appendix 4.

Forecast expenditure to the end of Program

Forward estimates of expenditures for 2013 to 30 June 2014 (end of program) are also included in Appendix 4.

Program personnel

Management Group decisions in 2011 have altered the original Program design and the way the Program is being implemented. Early in 2012 agreement will need to be reached with the Management Group and AusAID for increased staffing to continue the level of service provided to all stakeholders and to ensure that all funded projects are completed by the contract completion date of June 2014. This is significant in terms of the following:

- ongoing quality support for the funded organisations to ensure the infrastructure outcomes meet the standards required within a limited time scale;
- ongoing monitoring visits by Development Specialists during the implementation of all funded projects (possibly in excess of 20) and to undertake process evaluations after project completion
- ongoing support for the funded organisations to ensure the cross cutting issues are adequately dealt with and embedded into future policies, procedures and practices
- management of external consultant to undertake social research and impact studies as directed by the Management Group (two in 2012);
- ongoing financial management support during the implementation of infrastructure projects, to strengthen funded organisations as well as the small contractors ability in contract administration;
- ongoing media coverage for all activities occurring under the Incentive Fund program to gain maximum exposure for the Australian Aid program.

During 2011 with the implementation of 13 funded projects, it has become quite evident that the organisations will need greater support than initially anticipated to successfully manage infrastructure projects. This is mainly due to the limited supply of qualified and experienced project managers and the fact that a majority of the construction will be undertaken by small to medium sized local contractors; also with limited experience. It is possible by June 2012 when all proposals in the pipeline have been assessed and final organisations approved for funding support, the number of projects to oversee could be as many as twenty. Based on experience and current trends all these projects will involve infrastructure and some are situated in some

very remote parts of PNG. Although the IF has two infrastructure specialists and the program manager has infrastructure experience, further resourcing in this area will be required to meet the increased workload and to ensure the quality of workmanship is maintained, implementation is kept to schedule and the outputs required are achieved on a value for money basis; especially when all infrastructure projects are required to be completed by December 2013.

5 Gender, disability, HIV/AIDS and child protection

Subject to individual concept proposals submitted and their activities, gender, disability, HIV/AIDS, and child protection issues will be addressed throughout the entire Incentive Fund process of screening, appraisal selection, approval and implementation.

The Incentive Fund recognises the Department for Family and Community Development (DfCD) as the custodian of gender, disability, child protection and HIV/AIDS integration and equity: the Department is the key advocate on the principles of social justice and equity. Throughout 2012 the Incentive Fund team will continue to work on any specific issues with the DfCD and the inter-agency Cross Cutting Issues Working Group.

Incentive Fund initiatives in 2012 will focus efforts on building the capacity of organisations and funded project personnel to develop and implement the activities selected on behalf of, or to raise awareness of issues for women, children, or people living with disability or HIV/AIDS. Raising awareness with project communities, stakeholders and beneficiaries of the importance of improved access and equity will continue.

All organisations applying for Incentive Fund funding are now required to integrate cross cutting issues in their proposed projects and provide details of this integration in their Detailed Proposals. Organisations are required

to appoint an advocate, undertake a baseline audit of current gender, disability, child protection HIV/AIDS and environment practices and select one or two further cross cutting issues-based activities or services for inclusion in the project implementation. Organisations will include a line item in their cost schedule to cover these activities.

The Incentive Fund cross cutting issue framework will continue to be used to guide and facilitate the process of gender mainstreaming, and integrating HIVAIDs, disability, child protection and environment issues. As in 2011, mainstreaming and integration will be at different levels:

- implementation of activities in selected cross-cutting issues at the Program and funded projects level;
- working with DfCD (as the leading GoPNG advocate on the principles of social justice and equity) and with the CROSS CUTTING ISSUES Working Group at the policy level;
- at the corporate planning and coordination level, working with partners and personnel within the Incentive Fund, Coffey International Development, funded organisations and related stakeholders;
- at civil society organisational level, working through Incentive Fund communication and any further awareness sessions in regions and provinces; and
- providing technical input to partners and organisations going through the Incentive Fund 4-Stage process of selection and approval for funding.

The Incentive Fund has built a solid platform of documented approaches, organisational assessment and reporting templates and capacity building strategies to help funded organisations identify their strengths and weaknesses in their activities related to gender, child protection, HIV/AIDS and disability. The Incentive Fund is focussed on raising the profile of equity and access issues for these groups, in accord with AusAID and GoPNG policies and priorities, throughout 2012.

Annex 1

Component 1 Program Implementation – Detailed activity work plan

Key Activity – Output 1	Explanation and timing where relevant
Activity 1.1: Work closely with AusAID to ensure the Incentive Fund gains maximum exposure through the media. Ensure organisations and the PNG community understand Incentive Fund Phase 3 cut-off deadlines	Continue strong working relationship and dialogue with Michael Wightman and the rest of the AusAID Public Affairs team to gain maximum media exposure for Incentive Fund Phase 3 outcomes and manage expectations about any further phase of the Incentive Fund
Activity 1.2: Awareness workshops: • Conduct targeted awareness and/or regional workshops regarding Incentive Fund phase 3 completion and closure implications including stakeholder expectations; as approved by the MG. • Develop and carry out specific sector awareness workshops for both AusAID and DNPM as required. • Undertake a "*Looking Back, Looking Forward*" workshop with Management Group and other key stakeholders. • Decide level of involvement and capacity building for Sub-Management and Management Group members (and others in AusAID and GoPNG) as decided at the "Looking Backwards, Looking Forwards" workshop. • Continue to develop dialogue and share ideas and initiatives with SPSN program as a way of extending the possibilities for funding for those organisations that fail to qualify for Incentive Fund funding.	Subject to MG approval. A "Looking back, Looking forward" workshop to review the implementation and progress of the Incentive Fund program over the past 18 months and consider future direction will be facilitated for MG members in early February. This workshop will also provide an opportunity for the new MG members to gain a better understanding of the program. The Incentive Fund will continue to forward appropriate concept proposals to SPSN and will maintain ongoing dialogue and sharing of program information. The Incentive Fund will also continue to work closely with the DfCD through the CCI Working Group under the AusAID partnership with DfCD, to improve access and equity for women, children and people living with HIV/AIDS or disability
Activity 1.3: Respond to all enquiries for Incentive Fund information.	All enquiries responded to within 24 hours, information sent within 48 hours
Activity 1.4: Initial gateway screening of concept proposals *received on or before 15 June 2012.*	Ongoing depending on demand, submission to SMG on a monthly basis. Last submission to SMG 2 weeks after 15 June. Peer review of Concept Proposals assessments will ensure assessments are effectively and efficiently undertaken.

Key Activity – Output 1	Explanation and timing where relevant
Activity 1.5: • Utilise the Incentive Fund computerised database and web site to meet both AusAID and GoPNG reporting requirements. • Train staff to operate data base effectively and efficiently.	During 2012 there will be continuous refinement of data entry and report generation. Allocation of 1 day per month by data base developers will be carefully managed to ensure priority is given to essential report formats. Program Support Officers and Development Specialists will undergo quarterly training updates on data entry and extraction of reports.
Activity 1.6: • Provide recommendations on concept proposals to the Sub-Management Group, and maintain dialogue on key issues. • Record SMG decisions on Development priorities.	Until June 30, Concept proposals will undergo Stage 1 assessment, with peer review of assessments, within 1 week of arrival in the Incentive Fund office. SMG reports will be presented to MG on a quarterly basis. Discussions on Stage 1 and/or Stage 2 decisions will be scheduled fortnightly to ensure all SMG and MG meetings are fully aware of the status of the pipeline throughout the first half of 2012. The Incentive Fund team will continue to seek constructive feedback from the different sector specialists in AusAID and DNPM
Activity 1.7: Provide recommendations to the MG to determine initial organisations that have been successful in Stage 1 & 2 of the screening process. (This process must ensure sufficient eligible organisations with projects that a) will complete by the end of 2013 and b) will enable the Incentive Fund to disperse all available funds.)	The Incentive Fund team will continue to provide MG with the assessment sheet for all CPs, indicating which organisations do or do not meet the Incentive Fund criteria. Recommendations as to which CPs should proceed to stage 3A Organisational Assessment will continue to be discussed fully at the quarterly (or on demand) MG meetings before final approval is given.
Activity 1.8: Inform all applicants of outcome of screening at all stages.	At all stages of the Incentive Fund appraisal process feed-back letters will be provided to organisations within 7 days of the MG decision. These letters outline the areas in which the CPs did not meet the Incentive Fund criteria, and will provide details of the proposed Incentive Fund Phase 4.

Key Activity – Output 1	Explanation and timing where relevant
Activity 1.9: Facilitate and support Management Group meetings as required.	The first MG meeting in early February will coincide with the official opening of the PNG Maritime College Infrastructure project and view some facilities under Phase 1 of the Madang Catholic Health Services project. At the same time the "*Looking Backwards, Looking Forwards*" workshop will be convened. It may be necessary for the MG to meet on a monthly basis until June to manage the pipeline effectively. Thereafter, the MG will meet on a quarterly (or on demand) basis throughout 2012.
Activity 1.10: • Carry out Organisational Assessment of the organisations that have been approved by the Management Group as meeting the requirements of Stage 1 & 2 of the screening process. • Report production and feedback of recommendation to the MG	In 2012, Organisational Assessments will each take approximately 2-5 days per organisation, and will involve an Incentive Fund team visiting the organisation's office and project site, including a Financial Manager[6]. The OA for the last of the organisations selected by the MG will of necessity take place in the first half of the year or within July, allowing sufficient time for organisations to prepare detailed proposals before the end of 2012. Due to time constraints and an increased workload for the existing IF team it will be necessary to engage an STA to carry out the OAs After peer review, OA reports will be provided to the first MG meeting after completion of the OA report.
Activity 1.11: Review Detailed Proposals and provide assessment and recommendations to the MG for Funding consideration.	As in 2011, at least 2 members of the Incentive Fund team will review each DP, and after peer discussion will present a report and recommendations to the MG. The Incentive Fund will take into consideration the timing and budget constraints of the 2014 close-down for Phase 3. STA will be required to support the IF team.
Activity 1.12: • Develop IFAs with approved organisations and arrange official signing involving MG as applicable. • Ensure suitable media coverage is arranged and media personnel in attendance.	Ongoing as required from MG meeting decisions and available budget.

[6] Based on experience in 2011 it is recognised that OAs are taking longer than originally envisaged.

Key Activity – Output 1	Explanation and timing where relevant
Activity 1.13: Carry out initial financial management training and provide necessary financial reporting templates to all funded organisations.	Ongoing as and when required after signing of any new IFAs and implementation workshop.
*Activity 1.14: C*arry out implementation workshops with each new organisation to cover technical, procurement, M&E and CCI issues as well as reciprocal responsibilities and provide all necessary reporting templates to all funded organisations. Invite and involve AusAID and DNPM personnel at levels identified in "Looking back, Looking forward" workshop, February 2012.	Ongoing as and when required from January 2012. Workshops will include discussions on roles and responsibilities identified in the IFA, and implementation, procurement and tendering, M&E and CCI components.
Activity 1.15: Update and refine data base of small to medium sized building contractors and/or specialist consultants to be used in a selective tender process.	The database has proved useful over the past year, especially for organisations with little experience in infrastructure development. The database will be updated as and when required.
Activity 1.16: Assist organisations in the procurement of construction services.	2011 has shown that more organisations than expected need support in understanding the procurement process for construction services. Training and support in procurement and tendering will be ongoing as and when required (see also 1.14 above).
Activity 1.17: Develop and implement project management training package for the organisations project management team and the contractors site management staff	Now that most projects are at the implementation stage, project management support will be a more demanding activity for the Incentive Fund team in 2012, but will be provided as and when required.
Activity 1.18: Monitor technical and financial implementation of programs providing guidance, advice, training and mentoring as required.	Monitoring of all project activities will be a systematic and major activity throughout 2012. Mentoring each organisation's project management team in the areas of CCI, M&E and infrastructure development will be crucial to the continuing success of the program. The stakeholder/funded organisation consultation workshops held every six months after commencement of the project, will guide Incentive Fund support and advice.
Activity 1.19: Maintain effective working relationship with the Internal Revenue Commission (IRC) to submit GST refund claim forms from funded organisations on a monthly basis	The Incentive Fund team will continue to maintain and strengthen professional relationship with IRC through formal and informal meetings on a monthly or as required basis.

Key Activity – Output 1	Explanation and timing where relevant
Activity 1.20: Maintain processes and procedures with the IRC to collect GST refund cheques relating to Incentive Fund funded projects.	The Incentive Fund team now takes the lead role in processing all GST refund claims for each funded project. This is supported by regular monthly meetings with the IRC staff, allowing the process to run smoothly. GST updates will continue to be provided to the quarterly MG meeting as part of the quarterly financial update.
Activity 1.21: Continue to include cross-cutting issue approaches in templates / checklists / documentation to ensure issues are identified and integrated in the Incentive Fund process, documentation and activities. • Continue use of cross-cutting issue related questions in the initial screening and appraisal processes for proposals being advanced through the four-stage assessment process • Provide clear, concise fact sheets for organisations considering projects, as part of the Incentive Fund communication and awareness program, to ensure these organisations are fully aware of the Incentive Fund requirements • Review and continue to use generic checklist during the OA process to identify organisational knowledge and understanding, entry points for integrating cross-cutting issues and capacity building needs.	In collaboration with DfCD, Incentive Fund has developed a mainstreaming document with check lists for each of the cross cutting issues (gender, HIV/AIDS, disability, child protection and environment) to apply throughout the Incentive Fund 4 stage process. The Incentive Fund has also supported DfCD establish a CCI Working Group and will continue to contribute to this group throughout 2012 The Incentive Fund will work closely with funded organisations to identify their CCI priority areas. A discussion paper on resourcing CCI activities under the IFA (CCI budget) is still under consideration by the MG.

Annex 2

Component 2 Monitoring and Evaluation – Detailed activity work plan

Key Activity – Output 2	Proposed timing
Activity 2.1: Review and update the Monitoring & Evaluation Framework to reflect the current Incentive Fund activity and any lessons learnt.	Review completed October 2011 and will be repeated in October 2012
Activity 2.2: Continue with training activities for Incentive Fund personnel, and where required DNPM and AusAID staff to ensure all are familiar with and understand the updated Monitoring and Evaluation Framework. Ensure the Management Group are familiar with the updated MEF.	Recommence February and ongoing as required or on request of MG Familiarisation for new AusAID, DNPM, SMG and MG members as requested after February 2012
Activity 2.3: Work with DS – CCI to increase advocacy on cross-cutting issues through inductions for Incentive Fund Team, MG, enhancing knowledge, sensitivity and commitment to address issues, activities and measurement.	Ongoing, review and update as necessary. Nominated CCI activities will be included in each organisation's quarterly monitoring reports
Activity 2.4: Continue to update the Risk Management Plan in the light of any issues or events.	November 2011 review and update completed. Further reviews in February 2012 in light of December Management group decisions and thereafter in November 2012 to include risks associated with Incentive Fund 3 completion
Activity 2.5: Continue to review organisational assessment tools and report to ensure M&E capacity is fairly and efficiently identified. This will assist in developing project specific experiential M&E learning.	March 2012 review after the next Performance Management survey of organisations from OA stage (February) and again after August review See 2.15 below
Activity 2. 6: Develop, review and implement practical, accessible and user friendly Monitoring and Evaluation Framework including baseline measures for each funded organisation's project.	Ongoing throughout 2012 as organisations achieve funding for approved projects
Activity 2.7: Review and implement basic training package in M&E for all funded organisations.	To be reviewed after each 2012 6-monthly Performance Management measure (see 2.5)
Activity 2.8: At OA stage, continue to discuss individual organisation M&E requirements.	Ongoing for each OA conducted in 2012
Activity 2.9: After each IFA is signed, develop project specific technical and financial monitoring instruments and output and outcome strategies, monitoring plans.	Ongoing throughout 2012 and discussed with organisations during Implementation workshops.

Key Activity – Output 2	Proposed timing
Activity 2.10: Identify in collaboration with the Management Group suitable projects which could be used as mini research projects to determine the actual development outcomes over time.	Two projects requested for 2012: Social and economic evaluation of Mt Hagen market and an investigation into the role of incentives in the Incentive Fund process. RFT to be developed in February –March for projects to be commenced after the national elections.
Activity 2.11: Review and align Incentive Fund program MEF and approaches towards relevant AusAID, GoPNG, Coffey International Development and other relevant documents on policy on gender, HIV/AIDS, environment, disability, child protection.	Ongoing. 2011 review completed November, next review timed for October-November 2012 or as required depending on any policy adjustments emerging from AusAID or GoPNG
Activity 2.12: Review and discuss "Lessons Learnt Strategy report" from APNGIF and make recommendations to the Management Group on future 'lessons learnt' reporting	Completed for 2011, however reference to strategy document is ongoing as projects are implemented. Discussions on future lessons learnt reporting are timed for the last MG meeting of 2012.
Activity 2.13: Train Incentive Fund Development Specialists to implement M&E training and support with funded organisations for whom they are responsible	The focus in 2012 will be on ensuring that DS in particular can successfully deliver Implementation Workshops to organisations with newly signed IFA, without DS-M&E involvement. Training in evaluation will be provided to DS towards the end of 2012 as project evaluations are scheduled. The Incentive Fund will continue to seek opportunities for Development Specialists to attend M&E courses provided by the PNG Association of Professional Evaluators or the Australasian Evaluation Society
Activity 2.14: Complete Incentive Fund Performance Management measures every 6 months (quality and continuous improvement assessment report on lessons learnt)	First 2012 Performance management measure scheduled for February and then August. The February measure will include qualitative interviews and discussions with SMG and MG as well as self-completion questionnaires. All organisations from OA stage will be surveyed. Each measure will include satisfaction with project implementation support from Incentive Fund as well as the level of involvement and support of key stakeholders for funded project implementation The next review of Incentive Fund processes, by the team will take place in July.

Key Activity – Output 2	Proposed timing
Activity 2.15: Revise and update the database in timely manner, where use over time identifies any new requirements for the database	Ongoing monthly discussions with database developers where updates required. All DS to receive regular training in data entry for their specific funded projects. Site visits and key information on the implementation of all funded projects will be entered into the database to facilitate regular reporting, January 2012 then quarterly
Activity 2.15: Undertake 6-monthly consultations with funded organisations, their key stakeholders and beneficiaries on project implementation and possible emerging development outcomes	See 2.5
Activity 2.16: Prepare OA summary reports for organisations. These reports must focus on areas where the organisation needs support and/or where organisations need to consider approaches to management issues they need to address in their Detailed Proposal	Ongoing post-OA visits and timely reports to Management Group, as in 2011. Summary OA reports to be provided to organisations after MG discussion and decisions completed
2.17 Support Independent Review Team (IR) as required eg provision of data, records	All relevant documents and reports saved to external drive in preparation for the IRT visit, June 2012.

Annex 3

Component 3 Program Management – Detailed activity work plan

Key Activity	Proposed timing
Activity 3.1: • Maintain office and systems • Continue staff development activities to build capacity, promote team work and improve effective delivery of program outcomes.	100% staff retention in 2011 and expected for 2012. Annual staff performance appraisals, implementation of staff development plans and in-house support and training will continue throughout 2012 and the life of the program.
Activity 3.2: Recruit and support STA as approved by the MG, including establishment of a STA pool	STA pool established: social researchers and evaluators to be added in March 2012, and social research pool to be utilised in second half of year for 2 social research projects. (See2.11) Possible use of STA to support the 4 stage assessment process in the first half of the year
Activity 3.3: Facilitate and support SMG and MG meetings, including all MG Secretariat requirements.	Continue monthly SMG meetings Quarterly MG meetings to continue or as required, from February 2012
Activity 3.4: Implement Program systems including database and website providing all necessary data to respond to AusAID and GoPNG reporting requirements.	Ongoing with continuous improvement focus. Data base updated weekly and website updated quarterly by Incentive Fund team. Reports will continue to be provided to DNPM and AusAID as required.
Activity 3.5: Implement and maintain financial management systems to ensure funds are expended and acquitted in a timely manner at both the imprest account and sub imprest accounts levels.	Ongoing with monthly and quarterly imprest and sub imprest accounts acquittal and reporting including quarterly or as required financial monitoring visits. Annual and completion audits will independently verify the expenditure of funds at the imprest account and sub imprest accounts activity level. In 2012 there will be regular updates of key financial management manuals to reflect current practices. Internal and external audits will be conducted and issues raised will be actioned[7].
Activity 3.6: Ensure processes and procedures, annual plans and quality and continuous assessment reports are readily available; provide support as required to the Independent Review Team (IRT).	All milestone documents will be reviewed and updated ready for IRT: January – March 2012. See also 2.17

[7] The first Head Imprest Account audit was successfully conducted in June 2011.

Key Activity	Proposed timing
Activity3.7: Review, revise and apply risk management plan including fraud control.	Ongoing and adjusted to suit changing conditions and situations See also 2.14
Activity 3.8: Review Incentive Fund team staffing, structure and resourcing.	This is a continuing process and reviewed based on workload and budget.
Key Contract Milestones for 2012	**Contractual deadlines**
Activity 3.9: Annual Report for 2011	1 March 2012
Activity 3.10: Annual Plan for 2012	1 February 2012.
Activity 3.11: Quarterly Report Jan-Mar 2012	1 May 2012
Activity 3.12: Quarterly Report Apr-June 2012	1 August 2012.
Activity 3.13: Quarterly Report July-Sept 2012	1 November 2012.

Annex 4

Finances

Payment Streams	Financial Limitation	Jun 2010 - Dec 2011 Actuals	Dec 2011 Balance	Jan-Dec 2012 Budget	Dec 2012 Balance	Jan-Dec 2013 Budget	Dec 2013 Balance	Jan-Jun 2014 Budget	Jun 2014 Balance
Program Office Costs	**8,265,327**	2,700,145	**5,565,182**	2,095,019	**3,470,163**	2,231,651	**1,238,512**	1,138,598	**99,914**
Fixed Management Fees	**4,248,050**	1,614,259	**2,633,791**	977,052	**1,656,739**	977,052	**679,687**	679,687	**-**
Reimbursable Costs	**800,000**	238,304	**561,696**	178,318	**383,378**	240,044	**143,334**	137,168	**6,166**
Unallocated Short Term Assistance	**1,000,000**	29,830	**970,170**	38,172	**931,998**	51,385	**880,613**	29,363	**851,250**
Imprest Account Payments	**60,000,000**		**42,051,180**		**13,040,435**		**587,855**		**587,855**
Current Funded Projects		17,948,820		18,210,602		3,060,037		-	
4 organisations at DP stage at end of 2011 likely to be funded in 2012				6,125,209		4,027,609		-	
2 organisations at OA stage at end of 2011 likely to be funded in 2012				3,294,934		3,294,934		-	
Estimated 1 additional project to be funded in 2012				1,380,000		2,070,000		-	
Total	**74,313,377**	**22,531,358**	**51,782,019**	**32,299,306**	**19,482,713**	**15,952,712**	**3,530,001**	**1,984,816**	**1,545,185**

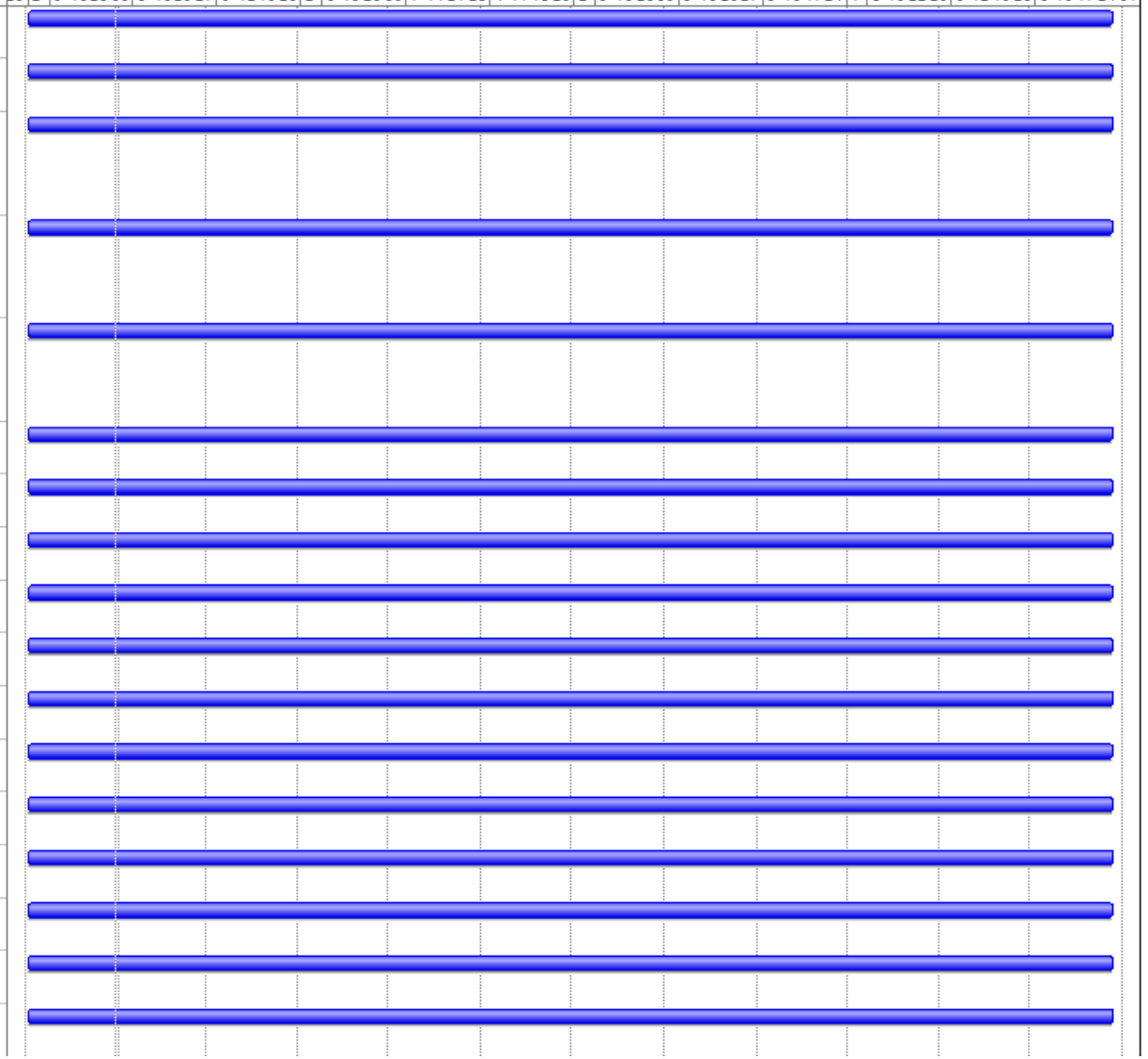
Assumptions:

1. All figures are in Australian Dollars
2. Thirteen currently funded projects
3. Four organisations at Detailed Proposal stage
4. Two organisations at Organisational Assessment stage

Annex 5

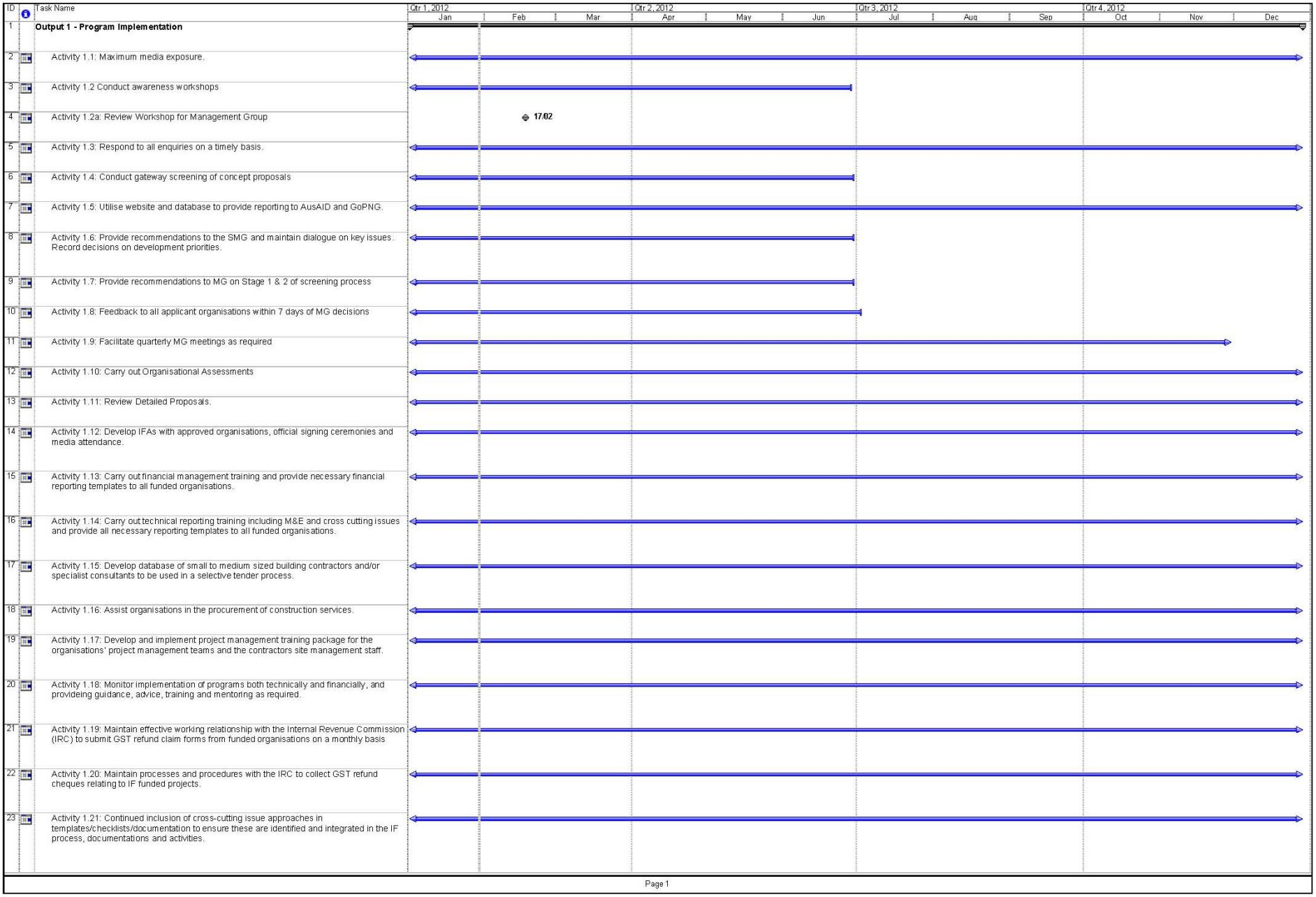
Personnel Implementation Schedule

ID	Task Name	Resource Names
1	Program Manager	Paul Constable
2	Deputy Program Manager	Justice Gua
3	Development Specialist - Construction and Procurement	Hassan Romaso
4	Development Specialist - Construction and Procurement	Lincoln Sauwa
5	Development Specialist - Organisational Development	Josephine Gena
6	Development Specialist - M&E	Jennifer Rush
7	Financial Specialist	Lisania Boletu
8	Office Manager	Fiona Manape
9	Program Support Officer	Elizabeth Aine
10	Program Support Officer	Kathleen Toklivia
11	Receptionist / Administration Officer	Elsie Yapen
12	Logistics Administration Officer	Elise Marjen
13	Driver / Office Assistant	Benson Efi
14	Cleaner / Office Assistant	Esther Oruba
15	Finance Officer	Noelyn James
16	Finance Officer	Tina Wamilat
17	Unallocated Short Term Consultants	TBA



Annex 6

Implementation schedule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Task Name
Qtr 1, 2012
Jan
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Apr
May
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Qtr 3, 2012
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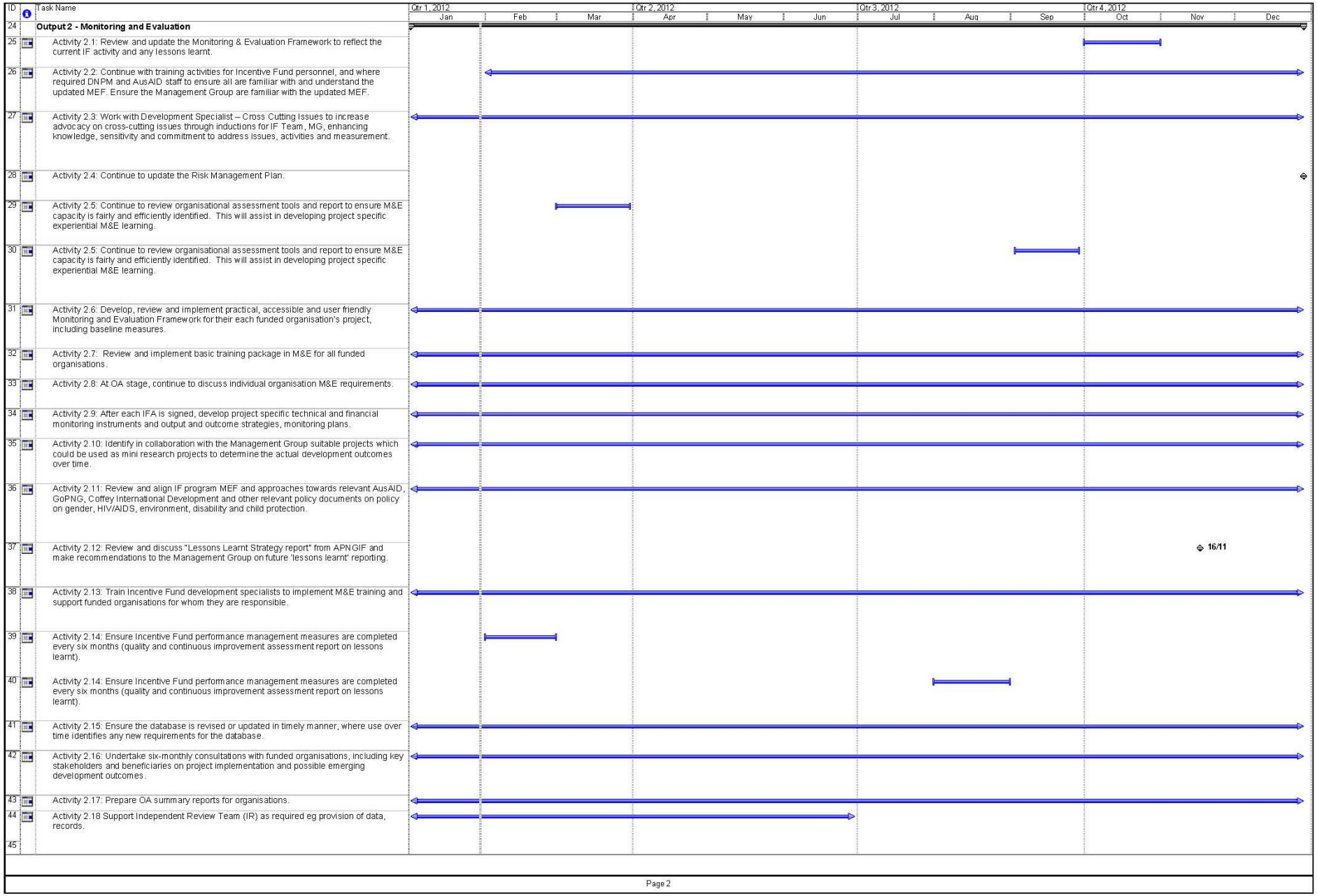
Sep
Qtr 4, 2012
Oct
Nov
Dec
1 Output 1 - Program Implementation
2 Activity 1.1: Maximum media exposure.
3 Activity 1.2 Conduct awareness workshops
4 Activity 1.2a: Review Workshop for Management Group
17/02
5 Activity 1.3: Respond to all enquiries on a timely basis.
6 Activity 1.4: Conduct gateway screening of concept proposals
7 Activity 1.5: Utilise website and database to provide reporting to AusAID and GoPNG.
8 Activity 1.6: Provide recommendations to the SMG and maintain dialogue on key issues. Record decisions on development priorities.
9 Activity 1.7: Provide recommendations to MG on Stage 1 & 2 of screening process
10 Activity 1.8: Feedback to all applicant organisations within 7 days of MG decisions
11 Activity 1.9: Facilitate quarterly MG meetings as required
12 Activity 1.10: Carry out Organisational Assessments
13 Activity 1.11: Review Detailed Proposals.
14 Activity 1.12: Develop IFAs with approved organisations, official signing ceremonies and media attendance.
15 Activity 1.13: Carry out financial management training and provide necessary financial reporting templates to all funded organisations.
16 Activity 1.14: Carry out technical reporting training including M&E and cross cutting issues and provide all necessary reporting templates to all funded organisations.
17 Activity 1.15: Develop database of small to medium sized building contractors and/or specialist consultants to be used in a selective tender process.
18 Activity 1.16: Assist organisations in the procurement of construction services.
19 Activity 1.17: Develop and implement project management training package for the organisations' project management teams and the contractors site management staff.
20 Activity 1.18: Monitor implementation of programs both technically and financially, and providing guidance, advice, training and mentoring as required.
21 Activity 1.19: Maintain effective working relationship with the Internal Revenue Commission (IRC) to submit GST refund claim forms from funded organisations on a monthly basis
22 Activity 1.20: Maintain processes and procedures with the IRC to collect GST refund cheques relating to IF funded projects.
23 Activity 1.21: Continued inclusion of cross-cutting issue approaches in templates/checklists/documentation to ensure these are identified and integrated in the IF process, documentations and activities.
Page 1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Task Name
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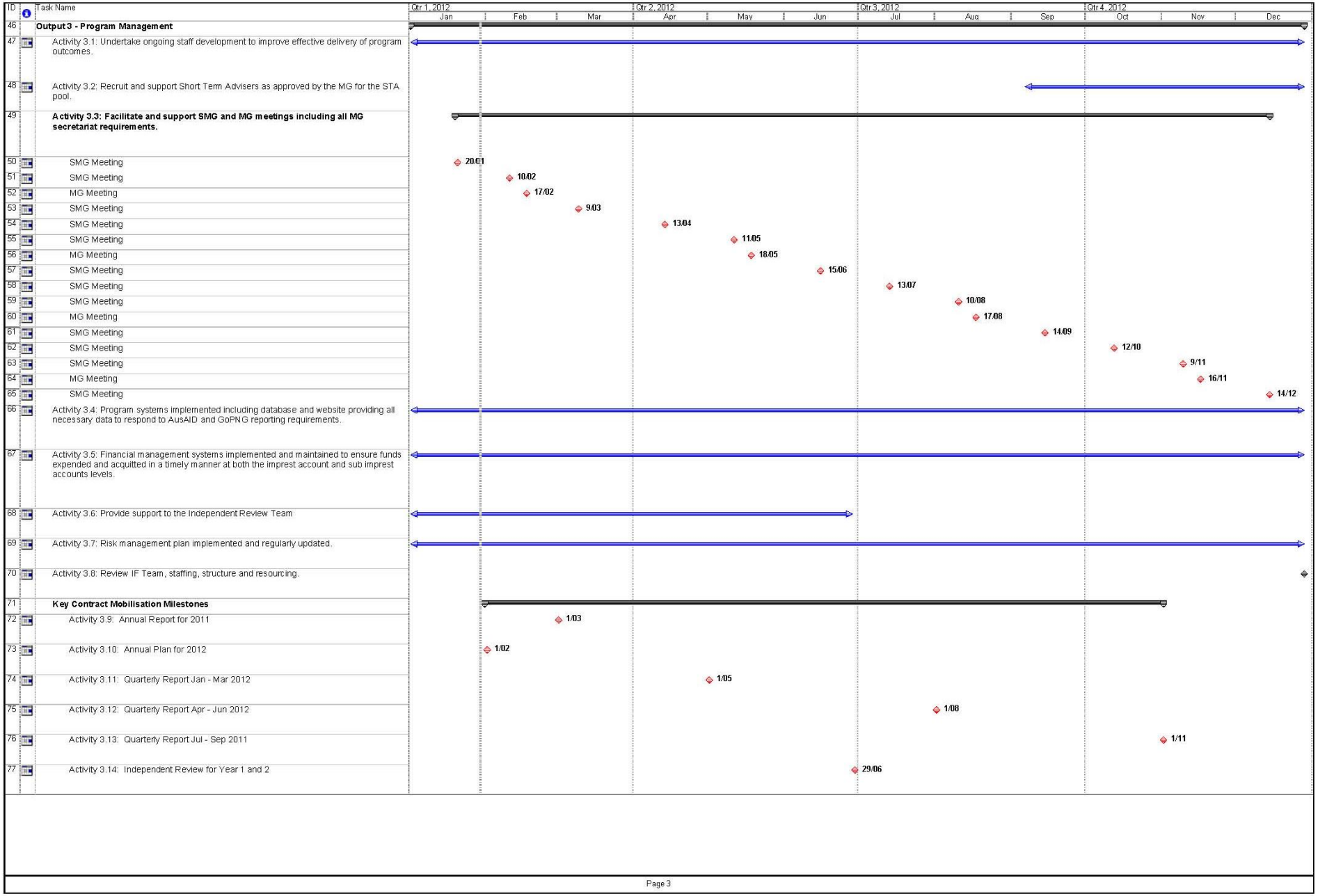
Dec
24 Output 2 - Monitoring and Evaluation
25 Activity 2.1: Review and update the Monitoring & Evaluation Framework to reflect the current IF activity and any lessons learnt.
26 Activity 2.2: Continue with training activities for Incentive Fund personnel, and where required DNPM and AusAID staff to ensure all are familiar with and understand the updated MEF. Ensure the Management Group are familiar with the updated MEF.
27 Activity 2.3: Work with Development Specialist – Cross Cutting Issues to increase advocacy on cross-cutting issues through inductions for IF Team, MG, enhancing knowledge, sensitivity and commitment to address issues, activities and measurement.
28 Activity 2.4: Continue to update the Risk Management Plan.
29 Activity 2.5: Continue to review organisational assessment tools and report to ensure M&E capacity is fairly and efficiently identified. This will assist in developing project specific experiential M&E learning.
30 Activity 2.5: Continue to review organisational assessment tools and report to ensure M&E capacity is fairly and efficiently identified. This will assist in developing project specific experiential M&E learning.
31 Activity 2.6: Develop, review and implement practical, accessible and user friendly Monitoring and Evaluation Framework for their each funded organisation's project, including baseline measures.
32 Activity 2.7: Review and implement basic training package in M&E for all funded organisations.
33 Activity 2.8: At OA stage, continue to discuss individual organisation M&E requirements.
34 Activity 2.9: After each IFA is signed, develop project specific technical and financial monitoring instruments and output and outcome strategies, monitoring plans.
35 Activity 2.10: Identify in collaboration with the Management Group suitable projects which could be used as mini research projects to determine the actual development outcomes over time.
36 Activity 2.11: Review and align IF program MEF and approaches towards relevant AusAID, GoPNG, Coffey International Development and other relevant policy documents on policy on gender, HIV/AIDS, environment, disability and child protection.
37 Activity 2.12: Review and discuss "Lessons Learnt Strategy report" from APNGIF and make recommendations to the Management Group on future 'lessons learnt' reporting.
16/11
38 Activity 2.13: Train Incentive Fund development specialists to implement M&E training and support funded organisations for whom they are responsible.
39 Activity 2.14: Ensure Incentive Fund performance management measures are completed every six months (quality and continuous improvement assessment report on lessons learnt).
40 Activity 2.14: Ensure Incentive Fund performance management measures are completed every six months (quality and continuous improvement assessment report on lessons learnt).
41 Activity 2.15: Ensure the database is revised or updated in timely manner, where use over time identifies any new requirements for the database.
42 Activity 2.16: Undertake six-monthly consultations with funded organisations, including key stakeholders and beneficiaries on project implementation and possible emerging development outcomes.
43 Activity 2.17: Prepare OA summary reports for organisations.
44 Activity 2.18 Support Independent Review Team (IR) as required eg provision of data, records.
45
Page 2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Task Name
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Qtr 4, 2012
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46 Output 3 - Program Management
47 Activity 3.1: Undertake ongoing staff development to improve effective delivery of program outcomes.
48 Activity 3.2: Recruit and support Short Term Advisers as approved by the MG for the STA pool.
49 Activity 3.3: Facilitate and support SMG and MG meetings including all MG secretariat requirements.
50 SMG Meeting 20/01
51 SMG Meeting 10/02
52 MG Meeting 17/02
53 SMG Meeting 9/03
54 SMG Meeting 13/04
55 SMG Meeting 11/05
56 MG Meeting 18/05
57 SMG Meeting 15/06
58 SMG Meeting 13/07
59 SMG Meeting 10/08
60 MG Meeting 17/08
61 SMG Meeting 14/09
62 SMG Meeting 12/10
63 SMG Meeting 9/11
64 MG Meeting 16/11
65 SMG Meeting 14/12
66 Activity 3.4: Program systems implemented including database and website providing all necessary data to respond to AusAID and GoPNG reporting requirements.
67 Activity 3.5: Financial management systems implemented and maintained to ensure funds expended and acquitted in a timely manner at both the imprest account and sub imprest accounts levels.
68 Activity 3.6: Provide support to the Independent Review Team
69 Activity 3.7: Risk management plan implemented and regularly updated.
70 Activity 3.8: Review IF Team, staffing, structure and resourcing.
71 Key Contract Mobilisation Milestones
72 Activity 3.9: Annual Report for 2011 1/03
73 Activity 3.10: Annual Plan for 2012 1/02
74 Activity 3.11: Quarterly Report Jan - Mar 2012 1/05
75 Activity 3.12: Quarterly Report Apr - Jun 2012 1/08
76 Activity 3.13: Quarterly Report Jul - Sep 2011 1/11
77 Activity 3.14: Independent Review for Year 1 and 2 29/06
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Annex 7

Major achievements as at December 2011

The major activities for the last twelve months of activity by the Incentive Fund team are as follows (Tables 1 to 3 following).

Table 1: Scheduled Output 1 – Program implementation activities for January - December 2011

Key Activity – Output 1	2011 Progress Achieved
Activity 1.1: Work closely with AA to ensure the Incentive Fund gains maximum exposure through the media.	Achieved and ongoing
Activity 1.2: Awareness workshops: • Conduct targeted awareness workshop in provinces as identified and approved by the MG. • Develop and carry out specific sector awareness workshops for both AusAID and DNPM as required. • Continue to develop dialogue and share ideas and initiatives with SPSN program.	Achieved Regular dialogue and information sharing with the Sub National Strategy (SNS), SPSN, provincial administrations and sectors. 14 CPs passed on to SPSN. Targeted sector awareness workshops conducted from April to June this year for Sandaun, Autonomous Region of Bougainville, New Ireland, Gulf and Morobe provinces. Further sector and provincial briefings have been conducted for National Departments of Education, and Health and Central, Milne Bay and East New Britain Provincial Administrations.
Activity 1.3: Respond to all enquiries for Incentive Fund information whether by mail, email, or walk in.	Achieved. A total of 1580 enquiries have been received: 637 in 2010 and 943 in 2011. All were entered into the data base and materials requested were mailed within 2-3 days of receipt of the enquiry
Activity 1.4: Conduct initial gateway screening of concept proposals.	Achieved. At the end of 2011, 209 Concept Proposals had been screened for initial gateway criteria by the Incentive Fund team.
Activity 1.5: Commission and utilise the Incentive Fund computerised database and web site to meet both AusAID and GoPNG reporting requirements. Ensure staff are trained to operate data base effectively and efficiently.	Achieved. Testing for usability carried out between January – March 2011. Incentive Fund team managed upgrading to suit needs and develop report formats via regular discussions with data base and web site developers. Reports now available for all stages of enquiry, project assessment and implementation.
Activity 1.6: Provide recommendations on concept proposals to the Sub-Management Group and maintain dialogue on key issues. Record SMG decisions on development priorities	Achieved as required within period.
Activity 1.7: Provide recommendations to the MG to determine initial organisations that have been successful in Stages 1 & 2 of the screening process.	Achieved. A total of twenty five (25) organisations selected for organisational assessment (Stage 3) of selection process
Activity 1.8: Inform all applicants of outcome of screening at all stages.	Achieved. All organisations notified of decisions after each MG meeting.

Key Activity – Output 1	2011 Progress Achieved
Activity 1.9: Facilitate and support Management Group meetings as required.	Achieved: MG meetings facilitated on 2/2/11, 3/3/11 15/7/11, 23/8/11 and 8/12/11
Activity 1.10: Carry out Organisational Assessments of the organisations that have been approved by the Management Group as meeting the requirements of Stages 1 & 2 of the screening process. Report production and feedback of recommendation to the MG.	Achieved: Twenty three OAs completed and reports presented to the MG. Thirteen organisations were invited to present Detailed Proposals, all being approved for funding, and projects being implemented. At the December MG meeting a further three organisations were invited to prepare a DP.
Activity 1.11: Review Detailed Proposals and provide assessment and recommendations to the MG for Funding consideration.	Achieved: proposal pipe line managed in a timely manner and reports provided prior to each MG meeting
Activity 1.12: Develop IFAs with approved organisations and arrange official signing; involve MG as applicable. Ensure suitable media coverage is arranged and media attendance.	Achieved for all projects except for one project approved for funding by MG in 2011: this IFA to be signed in February 2012
Activity 1.13: Carry out initial financial management training and provide necessary financial reporting templates to all funded organisation.	Achieved for all projects with a signed IFA
Activity 1.14: Carry out initial technical reporting training including M&E and cross cutting issues and provide all necessary reporting templates to all funded organisations.	Achieved for all projects with a signed IFA
Activity 1.15: Develop data base of small to medium sized building contractors and/or specialist consultants to be used in a selective tender process.	Achieved: Initially commenced in November 2010, ongoing and regularly refined and updated based on experience
Activity 1.16: Assist organisations in the procurement of construction services.	Achieved for funded organisations requiring extra assistance in procurement and tendering processes, and tender selection.
Activity 1.17: Develop and implement project management training package for the organisations' project management teams and the contractors site management staff	Achieved
Activity 1.18: Monitor implementation of programs both technically and financially, and provide guidance, advice, training and mentoring as required.	Achieved: Monthly and quarterly reports from organisations logged on receipt. Regular site visits undertaken
Activity 1.19: Establish processes and procedures with the Internal Revenue Commission (IRC) to submit GST refund claim forms from funded organisations on a monthly basis	Achieved
Activity 1.20: Establish processes and procedures with the IRC to collect GST refund cheques relating to IF funded projects.	Achieved

Key Activity – Output 1	2011 Progress Achieved
Activity 1.21: Continue inclusion of cross-cutting issue approaches in templates/checklists/documentation to ensure these are identified and integrated in the Incentive Fund process, documentations and activities. • Continue use of cross-cutting issue related questions into the Gateway criteria – initial screening process – and appraisal processes for proposals being advanced through the four-stage assessment process • Provide clear, concise fact sheets for organisations considering projects, as part of the Incentive Fund communication and awareness program, to ensure these organisations are fully aware of the Incentive Fund requirements Review and continue to use generic checklist in the OA process to identify organisational knowledge and understanding, entry points for integration of cross-cutting issues and where capacity building will be required.	Achieved and on-going Discussion and agreement reached with DfCD. CCI Working Group established with Incentive Fund as critical member Cross cutting issues included in Concept Proposal Gateway Application form and appraisal form, DP template and completion report template Fact sheets and information book completed and with appropriate discussion on cross cutting issues with DfCD and funded organisations. Training provided to Incentive Fund staff. Questions on cross cutting issues included in organisational assessment tools

Table 2: Scheduled Output 2 – Monitoring and Evaluation activities for January-December 2011

Key Activity – Output 2	2011 Progress Achieved
Activity 2.1: Review and update the Monitoring & Evaluation Framework to reflect the current Incentive Fund activity and any lessons learnt.	Achieved: completed and peer reviewed October 2011
Activity 2.2: Continue with training activities for Incentive Fund personnel, and where required DNPM and AusAID staff to ensure all are familiar with and understand the updated MEF. Familiarise Management Group with the updated MEF.	Achieved: December training for team on Outcomes Mapping Development specialists involved in revising Incentive Fund project logic Updated MEF provided to MG and stakeholders
Activity 2.3: Work with Development Specialist – Cross Cutting Issues (CCI) to increase advocacy on cross-cutting issues through inductions for Incentive Fund Team, MG, enhancing knowledge, sensitivity and commitment to address issues, activities and measurement.	Achieved: Commenced in 2010 and ongoing, reviewed and updated approximately 6 monthly or after visits to projects
Activity 2.4: Continue to update the Risk Management Plan.	Achieved: Review and update completed

Key Activity – Output 2	2011 Progress Achieved
Activity 2.5: Continue to review organisational assessment tools and report to ensure M&E capacity is fairly and efficiently identified. This will assist in developing project specific experiential M&E learning.	Achieved. March review after the first Performance Management survey of organisations from OA stage (February) and again after August Performance Management review See 2.15 below
Activity 2. 6: Assist each organisation where necessary to develop, review and implement practical, accessible and user friendly Monitoring and Evaluation Framework for their project, including baseline measures.	Achieved. Ongoing throughout 2011 for first 11 organisations that achieved funding for their projects
Activity 2.7: Review and implement basic training package in M&E for all funded organisations.	Achieved in April and October after Performance management measures
Activity 2.8: At OA stage, continue to discuss individual organisation M&E requirements.	Achieved
Activity 2.9: After each IFA is signed, develop project specific technical and financial monitoring instruments and output and outcome strategies, monitoring plans.	Partially achieved. Monitoring plans developed in or after initial Implementation Workshops for each funded Project. Workshop content revised mid-2011 to further simplify M&E for organisations and focus strongly on reciprocal responsibilities
Activity 2.10: Identify in collaboration with the Management Group suitable projects which could be used as mini research projects to determine the actual development outcomes over time.	Achieved for 2011: 2 projects nominated by MG for consultancies in 2012: an evaluation of the longer term impact of the Mt Hagen Market, and a Review of the role of "incentive" in the Incentive Fund design
Activity 2.11: Review and align program MEF and approaches towards relevant AusAID, GoPNG, Coffey International Development and other relevant policy documents on gender, HIV/AIDS, environment, disability, and child protection.	Achieved in update of MEF (See 2.1)
Activity 2.12: Review and discuss "Lessons Learnt Strategy report" from APNGIF and make recommendations to the Management Group on future 'lessons learnt' reporting.	Partially achieved. Some reference made to this report throughout 2011 as required.
Activity 2.13: Train Incentive Fund development specialists to implement M&E training and support funded organisations for whom they are responsible.	Partially achieved: Development Specialists have received training and attended evaluation workshops to upgrade skills. All now capable of delivering implementation workshop and will commence to do so in 2012.
Activity 2.14: Ensure Incentive Fund performance management measures are completed every six months (quality and continuous improvement assessment report on lessons learnt).	Achieved. All organisations from OA stage surveyed in February and August to gauge customer satisfaction with OA process and tools. August PM measure included satisfaction with project implementation support

Key Activity – Output 2	2011 Progress Achieved
Activity 2.15: Ensure the database is revised or updated in timely manner where use over time identifies any new requirements for the database.	Achieved: Report formats now included in data base.
Activity 2.16: Undertake six monthly consultations with funded organisations, including key stakeholders and beneficiaries on project implementation and possible emerging development outcomes.	Achieved. Four organisations reached six months stage and consultations completed
Activity 2.17: Prepare OA summary reports for organisations. These reports must focus on areas where the organisation needs support and/or where organisations need to consider approaches to management issues they need to address in their Detailed Proposal.	Achieved. Organisations receive summary of OA reports after Management Group has discussed report and made decision regarding detailed proposals.
Activity 2.18 Support Independent Review Team (IR) as required eg provision of data, records.	IRT team visit delayed until 2012

Table 3: Scheduled Output 3 – Project Management activities for January - December 2011

Key Activity	2011 Progress Achieved
Activity 3.1: Ensure program office functions effectively with committed staff as part of the Incentive Fund team. Undertake ongoing staff development to improve effective delivery of program outcomes.	Achieved. Staff retention at 100% and morale high Staff performance appraisal completed: staff development plans completed and in-house training provided. External courses attended by PSO and DS, and Office manager
Activity 3.2: Recruit and support Short Term Advisers (STA) as approved by the MG, for STA pool	Partially achieved: in progress at December 2011
Activity 3.3: Facilitate and support SMG and MG meetings including all MG Secretariat requirements.	Achieved. SMG and MG operating smoothly with effective pipeline management and satisfactory appraisals of team support in performance management measures
Activity 3.4: Program systems implemented including database and website providing all necessary data to respond to AusAID and GoPNG reporting requirements.	Achieved. Data base providing reports for all stages of 4-stage process, and web site updated on a quarterly basis
Activity 3.5: Financial management systems implemented and maintained to ensure funds expended and acquitted in a timely manner at both the imprest account and sub imprest accounts levels.	Achieved. Independent Audit for the Head Imprest Account successfully conducted in June. Internal audit conducted and issues raised have been fully actioned.
Activity 3.6: Ensure processes and procedures, Annual Plans and quality and continuous assessment report) are in place and the IF team provides necessary support to the Independent Review Team.	Achieved. All processes and procedures in place and peer reviewed during 2011. IRT visit delayed until 2012
Activity3.7: Apply risk management plan and update regularly, including fraud.	Achieved update; ongoing
Activity 3.8: Review staffing, structure and resourcing.	Achieved: Review process completed in October 2011 through staff focus groups and plenary sessions. Recommendations from review to be implemented in 2012.
Key Contract Milestones for 2011	**Contractual deadlines**
Activity 3.9: Annual Report for 2010	February 2011. Completed and approved
Activity 3.10: Annual Plan for 2011	February 2011. Completed and approved
Activity 3.11: Quarterly Report Jan-Mar 2011	May 2011. Completed and approved
Activity 3.12: Six monthly Report Jan-June 2011	August 2011. Completed and approved
Activity 3.13: Quarterly Report July-Sept 2011	November 2011. Completed and approved

Annex 8:

Risk Management Plan 2012

January-December 2012 key risks and management strategies

Key:		
	L	Low likelihood or impact
	M	Medium likelihood or impact
	H	High likelihood or impact

Identified risk	Likelihood	Impact	Management strategy	Responsibility
Lack of resources, time or commitment from AusAID, GoPNG sectors to review, prioritise and provide feedback on concept proposals	L	H	The Incentive Fund team will continue to build on established relationships to encourage open and frank discussions and agreements on roles, responsibilities and timelines. The MC will provide timely, targeted comprehensive briefings, awareness workshops and relevant materials to AusAID, DNPM and sectors. The Incentive Fund team will provide timely and effective initial gateway criteria assessments of concept proposals for DNPM and AusAID development priority screening.	AusAID has increased 2011-2012 financial year budget allocation to AUD 18m Responsibility: AusAID and DNPM
Insufficient numbers of technical specialists to conduct organisational assessments and support development of concept proposals to detailed proposals	L	M	Utilise the Incentive Fund team with experience, contacts and networks with NGO, CSO, private sector and key institutions to facilitate the Organisational Assessment process. Use a range of contractual arrangements as necessary. Increase development specialist team	Incentive Fund

Identified risk	Likelihood	Impact	Management strategy	Responsibility
Security or political disruption	M	H April-July M	Close monitoring through Coffey in–country Support Office. Recommend organisations adopt a 'staged' or phased approach, complemented by an implementation risk management strategy under the Incentive Fund Agreements special conditions clause. Incentive Fund team recommend and/or seek SMG/MG approval for action, especially any 2012 General election implications on the program and its funded organisations.	Incentive Fund
Disruption to road transportation systems due to natural disasters, i.e. land-slips (road closure), flooding (bridge collapse)	M	H (during wet seasons) M	Greater IF involvement with the funded organisations at the tendering and procurement stages to ensure swift implementation The IF infrastructure specialists will work closely with all organisations and contractors to ensure construction implementation is disrupted as little as possible. Careful programming of works and considering risks in advance will be essential for all projects	Contractors and the Organisations with support from the IF team
Difficulty maintaining stakeholder relationships	L	H	The Incentive Fund Program Manager and Deputy will maintain regular contact and on-going liaison with AusAID, DNPM and other key stakeholders. Internal stakeholder communication protocols and operating guidelines will be monitored and updated.	Incentive Fund

Identified risk	Likelihood	Impact	Management strategy	Responsibility
			Targeted and regular information sessions/workshops will be held with other sector programs and relevant partners. The Incentive Fund will be responsible for the day-to-day relationships with funded organisations.	
HIV/AIDS, gender, disability, child protection and environment (CCI) not adequately addressed in concept proposals	M	M	All Incentive Fund key documents updated, including appraisal, selection and approval criteria and procedures manuals and templates, to include CCI. MG to have regular updates/briefings. Cross-cutting issues to be a key activity in all awareness and information workshops. Identify organisations likely to need capacity building in these areas, assist in developing policies and monitor organisations closely to ensure policies are being implemented. Ensure all cross-cutting and social inclusion issues are covered in the IFA. CCI Lead agency taking lead role to support Incentive Fund through establishment of CCI core advisory committee	Incentive Fund

Identified risk	Likelihood	Impact	Management strategy	Responsibility
Poor engagement of organisations in development of monitoring and evaluation framework and activities including baseline measure	L	M	Included as a key activity in the initial awareness and information workshops and regularly in future. Ensure monitoring and evaluation capacity identified in the organisational assessment. Establish baseline data. Undertake effective experiential learning with organisations, including engendering management support for M&E. Assist organisations in identifying baseline information and simple, clear indicators and processes for early monitoring. Make M&E an IFA condition for quarterly funding replenishment for ongoing programs.	Incentive Fund
Insufficient competent project managers within or outside of the funded organisations to supervise infrastructure works	M	H (LNG project)	The MC has engaged additional Infrastructure Specialists to support and build the capacity of the funded organisations project management teams. Industry networks will be used for additional personnel if and when required.	Incentive Fund
Insufficient competent building contractors to undertake infrastructure works	M	H (LNG project)	A database of small to medium sized contractors willing and able to provide construction services in various provinces has been established. Management skills of these contractors will be assessed and targeted training provided during the implementation of infrastructure programs in conjunction with the funded organisations project management team	Incentive Fund

Identified risk	Likelihood	Impact	Management strategy	Responsibility
Construction 'Boom' in PNG causes shortage and spiralling costs of labour and materials	M	H	The Incentive Fund team will ensure that all project proposals are costed against realistic implementation schedules and provide ongoing support and advice to funded organisations and contractors	Incentive Fund
Insufficient funds received in IF Imprest Account for funded organisations through erroneous monthly drawdown requests made to AusAID	L	H	All monthly drawdown invoices will be screened carefully in-house by the Incentive Fund team before submitting same to AusAID. These invoices will take into account first two quarters funding requirements for new projects and also quarterly funding needs of ongoing projects. Funding requirements for projects that are nearing completion will be considered as well when making drawdown requests each quarter end so that disruptions to projects progress caused by the delays in releasing funding to them are minimised.	Incentive Fund
Occurrence of fraud at the project sub-Imprest account level	L	H	Initial financial training and on a need basis will be provided to funded organisations after IFA signing. All Incentive Fund financial controls and reporting requirements including fraud control guidelines will be discussed during the training. A copy of the Financial Management Handbook will be provided to the funded organisation to ensure that organisations comply with same for proper financial management and control of Incentive Funds funds and to minimise any occurrence of fraud and corruption. Also ongoing financial monitoring of projects will be done.	Incentive Fund

Identified risk	Likelihood	Impact	Management strategy	Responsibility
			The IFA includes an authority to the respective financial institution to freeze the project sub-Imprest Account upon notification by the Incentive Fund. Coffey has a zero tolerance policy towards fraud and corruption and any occurrence of same will be investigated and necessary action taken to recover funds and refer the matter to relevant authorities.	
Exchange rate fluctuation risks (rise or fall in the PNG Kina exchange rate against major currencies) for funded organisations especially for supplies sought outside PNG	M	H	All projects will be costed in PNG Kina. The MC has infrastructure specialists and relevant industry knowledge to carefully review IFA costing for goods and services related to the project. Adequate allowance should be provided for goods and services that will be brought in from outside PNG by taking into account exchange rate fluctuations.	Incentive Fund
Completion issues				
More than enough Concept Proposals exceeding the current IF funding limit	M	H	IF team continually monitors pipeline and ensure timely recommendations to SMG and MG. Timely MG approved public statement to be placed in all forms of media by March 2012 MG to be asked to convene specifically to discuss CP/OA results if necessary to ensure funds allocated in time for projects to complete by December 2013	Incentive Fund Management Group
Funded organisations face delays in implementation of projects beyond Incentive Fund completion dates	M	H	Incentives Fund team keeps close scrutiny on project implementation and identifies risks at earliest possible moment. Incentive Fund team site visits to ensure organisations fully supported to achieve completion according to schedule	Incentive Fund