

# INCENTIVE FUND

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

## Annual Report 2011

January– December 2011

*Prepared by Coffey International Development*

*DRAFT*



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Incentive Fund staff participating in White Ribbon Day parade

## ABBREVIATIONS

APNGIF	Australia Papua New Guinea Incentive Fund (2000-2009)
AoPE	Association of Professional Evaluators
ARoB	Autonomous Region of Bougainville
AUD	Australian dollar
AusAID	Australian Agency For International Development
BSP	Bank South Pacific
Coffey	Coffey International Development
CCI	Cross Cutting Issues
CP	Concept Proposal
CSO	Civil Society Organisation
CSTB	Central Supply and Tenders Board
DfCD	Department for Community Development
DNPM	Department of National Planning and Monitoring
DPM	Deputy Program Manager, Incentive Fund
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
LES	Locally Engaged Staff
MC	Managing Contractor (Coffey International Development)
MDSS	Maritime Distress Safety System
M&E	Monitoring and Evaluation

## ABBREVIATIONS

MEF	Monitoring and Evaluation Framework
MG	Management Group
MTDP	Medium Term Development Plan
NACS	National Aids Council Secretariat
NARI	National Agricultural Research Institute
NATTB	National Apprenticeship and Trade Testing Board
NCD	National Capital District
NGO	Non-Government Organisation
NMSA	National Maritime Safety Association
OA	Organisational Assessment
ODE	Office of Development Effectiveness
PAU	Pacific Adventist University
PDA	Partnership for Development Agreement
PDD	Project Design Document
PGK	Papua New Guinea Kina
PNG	Papua New Guinea
SMG	Sub-Management Group
SPSN	Strongim Pipol Strongim Nesen
ToR	Terms of Reference
TSSP	Transport Sector Support Program

Client:	AusAID
Project Name & Project Number:	Incentive Fund, IDEVADEL09008PG
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### Review & Revisions Log

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		Signed	Date
Individual	Organisation		

## 1. Executive Summary

This Annual Report documents the progress of the Incentive Fund Phase 3 for the period 1 January to 31 December 2011 and reports how the program is addressing the key areas of relevance, effectiveness, efficiency, gender and social inclusion and sustainability. The Incentive Fund Phase 3 program and the activities of the funded organisations are aligned with the development priorities of the Government of Papua New Guinea (GoPNG) and Government of Australia. Organisational capacity building, sustainability and outcomes reporting have been given a greater emphasis in this phase.

While the Fund is demand driven, the health and education sectors have had a higher funding success rate in 2011 than other sectors. This reflects the GoPNG development priorities and also complements the broader Australian Aid program's sectoral support focus.

This phase of the Incentive Fund is now 18 months old and, as a result of the high level of interest in accessing funding by Papua New Guinean organisations, has made a number of achievements in 2011 including:

- The strengthened four-stage selection process, especially the Organisational Assessment, and greater involvement by the Management Group at each stage has generated greater ownership, informed and swift decision making, and enhanced overall strategic direction of the program. The best outcome has been the stakeholder team approach.
- Twelve Incentive Fund Agreements (IFA) have been signed and project implementation commenced on these during 2011. The thirteenth IFA will be signed in February 2012.
- The PNG Maritime College has successfully achieved practical completion

of its funded project and moves into the defects liability period in 2012.

- Contribution 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*”.

### Proposal Pipeline

During the interim phase, between launching the Incentive Fund and the start-up date in June 2010, AusAID received 116 concept proposals. Another 28 were received between 10 June and 31 December 2010, an average of about five a month. **In 2011**, this average has been maintained with a further 65 concept proposals received and assessed via the four-stage selection process.

By 31 December 2011, 27 concept proposals had passed Stage 1 gateway criteria assessment, and 25 had passed Stage 2 developmental screening.

*The majority (87%) of Concept Proposals did not qualify because organisations did not have or were unable to provide evidence of audited accounts.*

Proposals from 24 organisations were approved for an organisational assessment with 22 of these completed.

Invitations to prepare Detailed Proposals have been issued to 18 organisations of which 14 have been assessed and then discussed by the Management Group, with only one organisation not receiving approval. During the first quarter of 2012, the Incentive Fund expects to receive four Detailed Proposals.

This active pipeline is the result of 16 organisational assessments being completed in the second half of 2010, facilitating the preparation of Detailed Proposals by appropriate organisations.



*Key expected outputs in the health sector from funded projects include 13 hospital wards and 10 specialist wards/clinics, 10 health aid posts, accommodation for 99 single nurses and 55 staff houses. Also under construction are a meri waiting house, a family support centre, a physiotherapy building and a large hydro-electric power system is being built at a major district, possibly to become a provincial hospital.*

*In the education sector, 21 classrooms are being built, 10 teacher houses, 5 trade teaching workshops, 2 computer laboratories, 3 water systems, and dormitories to provide 656 beds for female students and 496 beds for male students. Administration blocks, study rooms, toilet blocks, specialists teaching centres, kitchens, dining halls and laundries are also being built. (See Annex 6 for full list of expected outputs to date.)*

### Expected outcomes

Since development outcomes or impacts refer to longer term effects of interventions, they cannot be reported until one or two years after completion of each project. Expected development outcomes in the health sector include:

- better access to specialists and hospital health services in three Provinces (Sandaun, Milne Bay and Jiwaka), leading to improved community health; and
- better health for communities in remote areas of Madang.

In education expected outcomes include:

- improved secondary education results for girls in two Provinces (Western Highlands and NCD) leading to increased numbers of girls entering tertiary education or the economic sector; and
- more qualified and skilled technical workers through improved technical and vocational education and training in three provinces (Western Highlands, Central and Madang).

### Relationships and collaboration

Relationships with key stakeholders and PNG organisations continue to be fostered and feedback from six monthly performance management surveys shows that key stakeholders are very satisfied with the Incentive Fund team's support.

*Management Group members are satisfied with Incentive Fund team support and two thirds of organisations have recorded a very high approval rating for Incentive Fund team support. (See Annex 9)*

Incentive Fund awareness raising workshops were conducted in seven provinces, the Autonomous Region of Bougainville, the national Departments of Health and Education and the Central, Milne Bay and East New Britain Provincial Administrations. The workshops have been instrumental in increasing the number of requests for information (see enquiries data, Section 4).

*As all funded projects are required to be completed by June 2014, the Incentive Fund will need to carefully manage public expectations for new applications for funding in 2012 and 2013.*

Collaboration between the national and provincial Departments for Community Development, Provincial Supply and Tenders Boards, Provincial Works Departments and the Incentive Fund has facilitated transparent procurement processes into organisations and reinforced the integration of social inclusion<sup>1</sup> issues.

### Database and website

The implementation of the Incentive Fund website and database has continued throughout 2011. Report formats and data entry screens have been refined in collaboration with the database developers; minimal development is required in 2012. Tables and chart data in this report has been sourced from this database.

<sup>1</sup> Including gender, HIV/AIDS, disability and child protection.

The website is now managed and regularly updated by the program team, after the acceptance of the quarterly reports by AusAID.

## 2. Background

Historically, the Incentive Fund consists of Phase 1 from 2000 to 2003, Phase 2 from 2003 to 2007 plus a wind down phase from 2008 to 2009. The current Phase 3 commenced in June 2010 and will end in June 2014.

Phase 3 is focused on supporting the development priorities of the GoPNG as outlined in the Medium Term Development Plan (MTDP). There is greater emphasis in this phase on organisational capacity building, sustainability and outcomes reporting.

The key principles of the Incentive Fund are:

- support for activities and organisations that reflect the development priorities of the GoPNG
- “incentive” as reward and encouragement for well performing organisations
- demand driven and competition
- focus on organisational capacity building and sustainability and
- monitoring, evaluation and social research which identifies expected development outcomes and sustainability.

### 2.1 Incentive Fund goal and purpose

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.”*

### 2.2 Funding guidelines

Project funding is provided through the Incentive Fund to organisations that submit worthwhile Proposals which comply with Incentive Fund guidelines. The Incentive Fund aims to stimulate development, funding those organisations that:

- are able to most effectively contribute to PNG development outcomes; and
- have evidence to support their track record of good project and financial management.

The total approved budget for projects to be supported through the four year Incentive Fund program is AUD 60 million. The expected annual budget and expenditure was AUD 15 million for each financial year. However after discussions held at the Management Group’s December 2011 meeting, it was decided that:

- a major proportion of the fourth year funding (2013-2014) should be allocated to projects throughout year three (2012-2013);
- while acceptance of Concept Proposals will conclude at 30 June 2012, the pipeline needs to be established through the Incentive Fund 4-stage selection process to ensure that the AUD 60 million is distributed to projects approved by the Management Group and accounted for by June 2014.

### 2.3 Incentive Fund Program 4-stage process

The Incentive Fund applies a 4-stage screening, appraisal, selection and funding process to identify which projects will receive funding. The four stages are:

- Stage 1: Initial Gateway Criteria Assessment by the Managing Contractor

- Stage 2: Development Priorities Assessment by DNPM and AusAID
- Stage 3: Organisational Assessment and Detailed Proposal
- Stage 4: Management Group Approval, Incentive Fund Agreement and Implementation.

## 2.4 Incentive Fund Program output areas

The Incentive Fund program consists of three output components: program implementation; monitoring and evaluation; and program management.

Each component, their key activities and the achievements during 2011, are discussed in detail under Section 5.

## 3. Major achievements of 2011

### 3.1 Key Program output areas

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. (See discussion Section 4 and tables 13, 14 and 15 in Annex 4)

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.

The Incentive Fund team also 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 program has *“reflected on its priorities and practice to increasingly emphasise a results focus in its program management practices”*<sup>2</sup>.

<sup>2</sup> 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?

### 3.2 Progress of funded projects

Bad weather and contractual delays occurred in a small number of projects. However as the brief reports below show, most projects are progressing according to schedule.

#### IFA 001 PNG Maritime College



***Survival training centre in existing PNGMC building***

PNG Maritime College was the first organisation to sign an Incentive Fund Agreement. The project included upgrading the navigation stimulator software system; construction of a survival training centre with ablutions and classrooms; a modern library and girls' dormitory; an electronics/ electrical workshop; and replacement of the Maritime Distress Safety System (MDSS). The project was completed within budget and the formal opening and handover of the facilities will take place in February 2012.

#### IFA 002 Divine Word University



***Female dormitory construction in progress***

The three dormitories for young women have been given priority and are expected to be completed by March 2012. A lengthy wet

season has delayed work on the two male dormitories, now expected to be complete by the end of June 2012. Divine Word University participated in the "20 days of Activism" campaign during the last quarter<sup>3</sup>.

#### IFA 003 Catholic Health Services of Madang



***Staff house construction in progress, Alexishafen***

Despite the logistics of distance and poor accessibility, the contractor had building materials on site prior to work starting. Stage one works was to be implemented in two phases involving the construction of fourteen staff houses, one Aid Post, one mama waiting haus and the maintenance of an existing health centre facility. Due to excessive rainfall in Madang Province, these works have a revised completion date of April 2012. This means that timing for Stages 2 and 3 will be revised for the middle to second half of 2012.

<sup>3</sup> The 20 Days of Activism for No Violence against Women and Children is an international campaign. It takes place every year from 25 November – 10 December, which is International Human Rights Day. The period includes Universal Children's day and World Aids day. During this time, the Government runs an Activism Campaign to raise awareness of the negative impact of violence on women and children and to act against abuse. Every year, government, civil-society organisations and the business sector work together to broaden the impact of the campaign.



#### IFA 004 Alotau General Hospital



***Extent of soil excavation carried out for the new administration building***

Construction works has commenced for the new administration building, the nurses quarters and the extension to the consultation clinic. The construction of the maternity and medical wards and radiology building has been delayed by bad weather. This may affect the original completion date of late May 2013.

#### IFA 005 Diocese of Bereina - Mainohana Secondary School



***Foundation work of dormitories commenced and in progress***

The project has seen the dormitories progress to roofing stage and foundations complete for the classrooms and ablution block. After a hiatus for the Christmas period, work is expected to pick up again in the New Year. Overall the contractor is working well and to budget.

#### IFA 006 Vaimo General Hospital



***Construction work begin on Administration Building***

The project is progressing well for the social support services, thirty-six room female accommodation, twelve staff units, two accommodation units for men and the administration building. The project management team and contractors are all working tirelessly to meet their respective project completion dates. Overall the project is at 40% complete.

#### IFA 007 Pacific Adventist University



***Incentive Fund Team Leader, Development Specialist and PAU Project Manager discussing tendering processes***

The costing provided by the PAU architect for the new buildings proved to be very inaccurate. Contractor tenders were more than twice as expensive as the available budget. This has caused long delays to the implementation process. The Incentive Fund has advised PAU on exploring various ways of keeping the project within the available funding. As at the end of December, the PAU management

committee are actively pursuing alternative solutions to the design and scope of works.

#### **IFA 008 Notre Dame Secondary School**



***Contractor on site – Duplex staff houses construction progress***

New construction works for staff houses, female dormitory and kitchen building is 80% to 90% complete. The Incentive Fund had to facilitate a meeting between Notre Dame, landowners and the Provincial Government to settle disputes related to dissatisfied landowners and disgruntled local labour. In spite of associated delays and a minor site accident involving Notre Dame staff, the construction works is still progressing well.

#### **IFA 009 St. Mary's Hospital Vunapope**



***Demolition work on the existing dormitory, ground floor***

The East New Britain Provincial Department for Community Development speakers conducted awareness sessions on child protection and domestic violence in the paediatric ward and ante-natal clinic in November and December 2011. Paveks Construction workers are on site and work is underway erecting a project site office,

demolishing the old ablution and laundry block and the ground floor of the old dormitory stripped ready for renovation works. All site preparation for the new buildings has been completed.

#### **IFA 010 Sonoma Adventist College**



***Sonoma Technical Assessment Committee going through tenders***

Contracts with two construction companies were signed on Thursday 1 December 2011. Commencement of construction works is scheduled for 12 December 2011.

#### **IFA 011 Marianville Secondary School**



***Project team, staff and students after the Incentive Fund Implementation workshop***

Tenders were opened on 16 December 2011. The successful tenderer is to be confirmed in January 2012. The Department for Community Development assisted in delivering social inclusion training to a large number of workshop participants. Marianville Secondary School has now nominated two Cross Cutting Issues Champions as their advocates.

## IFA 012 Kudjip Nazarene Hospital



**IFA Signing (L-R) AusAID Acting Minister Counsellor, Dave Vosen; Nazarene Health Secretary Baru Diry; Program Manager, Paul Constable and Management Group Chairman, Dr. Webster**

The IFA was signed on 8 December 2011. The project will provide Nazarene Health Ministries with sufficient, safe, reliable and cost effective power supply to Nazarene Hospital and Nazarene College of Nursing, Kudjip Primary School and staff living at Kudjip Station. The Incentive Fund Implementation Workshop will be conducted in February 2012.

## 4. Summary of enquiries and pipeline

### 4.1 Systems development in 2011

Two key systems were developed during the first six months of operations, the enquiries desk, and the proposal and project database<sup>4</sup>.

These two systems have been tested and updated throughout 2011 and little further development is needed in 2012.

### 4.2 Incentive Fund enquiries desk

All enquiries from January 2011 have been registered in the enquiries database developed by Net Return Consulting. Enquiries are logged by purpose, medium of enquiry and the province of origin.

*Nine out of 10 callers want the Incentive Fund information book.*

In 2011, 943 enquiries were logged and responded to. The calls focussed on requests for information, including application forms. Purpose categories were revised in January 2011 and 2010 data absorbed into 2011 categories, making direct comparison between 2010 and 2011 purpose of enquiry not useful for this report. Table 1 therefore includes all enquiry purposes since 10 August 2010.

**Table 1: Purpose of enquiries to date**

N = 1580 callers, 1603 enquiry topics	August 2010 to-Dec 2011	% of total
Seeking information books	1516	95
Checking on Concept Proposal	27	2
Seeking application forms only	24	1
Asking for general information	20	1
All other	16	1
Total enquiries	1603	100

In 2011, enquiries came mainly as a result of workshops (45%), a proportion which reflects the effectiveness of awareness workshops. Others came via personal visits to the Port Moresby office (19%), phone (14%), email (12%). Letters accounted for 7 per cent.

*Targeted awareness workshops are effective in increasing organisations' interest in the Incentive Fund.*

In 2011, most enquiries (29%) came from NCD. Every province was represented in the enquiries register although Morobe (14%) was more likely than other Provinces to generate enquiries (see Table 2). Of interest is the small increase in the proportion of enquiries coming from provinces where an Incentive Fund awareness session was held in 2011 – New

<sup>4</sup> Tables and charts included in this report are drawn from the data base, which is now under periodic review and maintenance.



Ireland (increase of 4%), Sandaun (increase of 4%), Autonomous Region of Bougainville (increase of 2.5%) and Gulf (increase of 4.5%).

**Table 2: Provincial source of enquiry, June 2010 – December 2011**

Province	% of Total in 2010	% of total in 2011
NCD	35	29
Morobe	11	14
New Ireland	2	6
Sandaun	1	5
Gulf	0.4	5
ARoB	0.4	3
Eastern Highlands	8	6
Central	2	4
Madang	6	4
East Sepik	5	4
Western Highlands	6	3
Southern Highlands	3	3
West New Britain	2	2
Oro	2	2
Western	1	2
Milne Bay	2	2
Jiwaka	1	2
Hela	0.2	1
East New Britain	3	1
Enga	2	1
Manus	0.3	1
Simbu	5	<1
No Information	3.0	<1
<b>Totals</b>	<b>101%<sup>5</sup></b>	<b>100%</b>

<sup>5</sup> Percentages rounded to nearest full percent.

In most other provinces the number of enquiries has remained static or slightly decreased.

### 4.3 The Incentive Fund proposal pipeline

The pipeline has been firmly established to ensure a healthy flow of proposals through the four stage process. It has provided the Management Group with a steady flow of development-focussed projects appropriate for funding.

The Incentive Fund database has captured the pipeline data effectively and enabled a series of tables and graphs to be generated to illustrate the pipeline success. **Annex 1** provides comprehensive data in support of the narrative below.

#### Stages 1 and 2, gateway and development screening

There have been 209 Concept Proposals received by the Incentive Fund since implementation, 144 in 2010 and 65 in 2011.

The total funding sought from the 209 Concept Proposals totalled over K836.6 million (Annex 1, Table 6). Provincial governments (49) and faith-based organisations (45) contributed to almost half of these Concept Proposals, followed by community organisations (36).

*There is a very high level of unmet need for development funding: provincial governments and faith-based organisations in particular have lodged a large number of Concept Proposals with the Incentive Fund.*

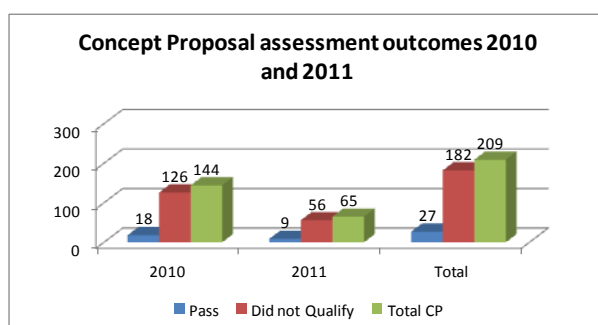
Since June 2010, 27 Concept Proposals (13%) have passed the Stages 1 and 2 assessment stage and progressed to the Management Group for discussion.

Of the 62 Concept Proposals **received in 2011:**

- nine have passed through Stages 1 and 2 and been presented to Management Group for discussion (15%)



- 53 (85%) did not qualify. (This includes education institutions. Traditionally schools have not had accounts audited so are unable to meet the audit requirement.)



**Figure 1: Total number of Concept Proposals passing/ not qualifying since June 2010**

*While only a small percentage of Concept Proposals fit the Incentive Fund criteria, the 4-stage process is effective in providing the Management Group with a pipeline of development-focussed proposals from well managed organisations.*

Table 7, Annex 1, outlines the number of Concept Proposals by sector.

*The majority (87%) of Concept Proposals do not qualify because organisations do not have or do not provide evidence of audited accounts.*

Overall, the education sector provided 45% of all concept proposals and had a high success rate with 58% of all concept proposals proceeding to organisational assessment. The health sector accounted for 29% of all concept proposals and 29% of those successful enough to be passed for organisational assessment.

The economic (including agriculture) sector accounted for 19% of all concept proposals but only 3% of those passed.

Sector	Total CP	% of all CP	% of CP passing
Education	94	45	58
Health	29	14	29
Economic	36	17	3
Other	50	24	10
	<b>209</b>	<b>100%</b>	<b>100%</b>

*A closer look at the number of Concept Proposals from the various sectors identifies a large number of Concept Proposals from the basic education sector, none of which met the Stages 1 or 2 Incentive Fund criteria. The lack of audited accounts is the key factor for the basic education sector: Incentive Fund awareness workshops in 2011 have encouraged this sector to 'pool' the proposals under the auspices of a Provincial government<sup>6</sup>. See Table 7, Annex 1*

The National Capital District lodged 27 concept proposals, more than from other provinces (Table 8, Annex 1). Eastern Highlands, East Sepik, Madang, Western Highlands and Morobe, Sandaun, East New Britain and Southern Highlands all lodged at least 10 concept proposals. At the other end of the scale, Hela, New Ireland, Autonomous Region of Bougainville, Manus and Gulf lodged either one or two each.

*Compared to other provinces, those provinces where an Incentive Fund awareness workshop was held, forwarded more Concept Proposals.*

### Stage 3a Organisational assessment

In total, 27 concept proposals have passed Stages 1 and 2 of the four-stage selection process. Table 9 (Annex 1) compares the number of concept proposals put before the Management Group for consideration for an organisational assessment in 2010 - 18 of the total of 27. The total value of the concept proposals passing through the first two assessment stages is K168,471,290.

Of the 27 concept proposals presented to the Management Group, 24 were approved for an Organisational Assessment. These were distributed across nine provinces and the National Capital District (see Table 9, Annex 1). The total value of the 24 Concept Proposals is K134,891,490.00.

*The Gateway and Development screening works well in identifying organisations and projects with high development potential.*

As at the end of 2011, 22 of the 24 assessments have been completed, 15 in 2010; and seven in 2011.

<sup>6</sup> The APNGIF funded the East New Britain Provincial Division of Education to upgrade five remote schools and a similar approach was taken in Simbu for 62 schools across the province. The Provincial Divisions are able to provide audited accounts whereas individual primary schools cannot.

The remaining two will be completed early in 2012. Two organisations and four concept proposals undergoing organisational assessment were not invited by the Management Group to prepare a Detailed Proposal.

A breakdown of organisations at organisational assessment stage, by sector, can be seen in Table 10, Annex 1.

### Stage 3b: Detailed proposals

Of the 18 organisations invited to submit a Detailed Proposal, two were submitted in late 2010 and 12 in 2011. In total 13 have been approved for funding<sup>7</sup> (see Table 3) as at the end of 2011 and four Detailed Proposals are expected in early 2012.

**Table 3: Funded organisation as at 31 December 2011**

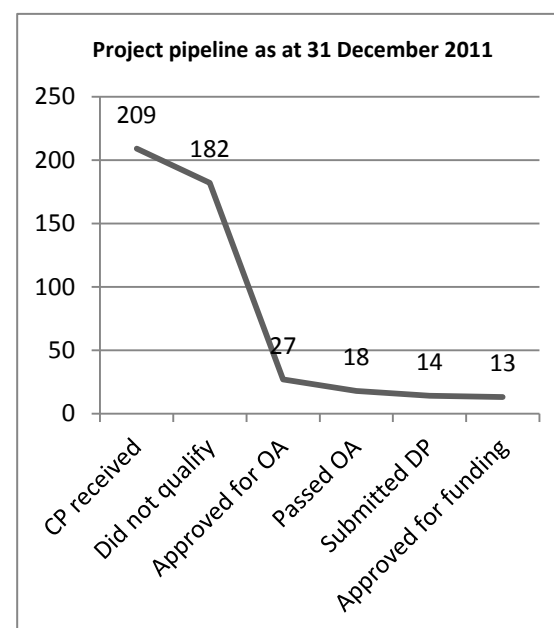
Name of organisation	2010 funding (Kina)	2011 funding (Kina)
PNG Maritime College	5,800,000	
Divine Word University		8,301,700
Madang Catholic Health Services		5,500,000
Alotau General Hospital		10,000,000
Mainohana Secondary School		9,670,660
Vanimo General Hospital		7,825,000
Pacific Adventist University		10,000,000
Notre Dame Secondary		5,174,000
St Mary's Hospital		1,650,128
Sonoma Adventist College		2,047,631
Marianville Secondary School		4,763,000
Mt Hagen Technical College		8,532,711
Nazarene – Kudjip Hospital		9,380,500
Total funding approved	<b>5,800,000</b>	<b>82,845,330</b>

<sup>7</sup> ADRA Detailed Proposal was not approved for funding.

The four Detailed Proposals to be submitted in early 2012 are Sideia Health Centre and Santa Maria School (Milne Bay Province); Catholic Health Services, Mt. Hagen and West New Britain Technical College.

Figure 2 provides a summary of the pipeline as at the end of December, 2011.

**Figure 2: Project pipeline 31 December 2011**



Of the 13 approved organisations, 12 have signed Incentive Fund Agreements and work has commenced on projects. One remaining IFA (Mount Hagen Technical College) is to be signed in February 2012.

## 4.4 Incentive Fund Agreements

Three of the 12 approved projects are in Madang Province, and two each in the NCD and East New Britain. The remaining five are in Jiwaka, Western Highlands, Milne Bay, Sandaun and Central Provinces. The following table summarises the funded projects by value and province.

**Table 4: Details of organisations with signed IFA as at 31 December 2011**

Organisation	Value	Province
Marianville Secondary School	4,763,000	NCD
Pacific Adventist University	10,000,000	NCD
Divine Word University	8,301,700	Madang
PNG Maritime College <sup>8</sup>	5,812,198	Madang
Madang Catholic Health Services	5,500,000	Madang
St. Mary's Hospital	1,650,128	ENB
Sonoma Adventist College	2,047,631	ENB
Notre Dame Secondary School	5,174,000	WH
Catholic Diocese of Bereina	9,670,660	Central
Alotau General Hospital	10,000,000	Milne Bay
Vanimo General Hospital	7,825,000	Sandaun
Nazarene Health Ministries	9,380,500	Jiwaka
<b>Total</b>	<b>80,124,817</b>	

<sup>8</sup> A substantial amount of bank interest was earned by the Maritime College. The organisation lodged funds required for international purchases in an interest bearing account while waiting for the equipment to become available. For this reason the total value of the IFA rose from K 5.8 million to K 5.812 million

## 5. Output achievements of 2011

The Incentive Fund activities are managed under three key output areas: program implementation, monitoring and evaluation and program management.

The monitoring and evaluation activities are closely linked to program implementation and to program management. Monitoring activities ensure that the Incentive Fund's focus on service excellence in these areas is not lost.

The achievements of the past twelve months of operations are summarised below. A full description of all activities and achievements is included in tables 13, 14 and 15 in Annex 4.

### 5.1 Output 1: Program Implementation

Coffey's experience in mobilising and managing Incentive Fund Phases 1 and 2, including lessons learnt and proven management strategies has provided a good basis from which the Incentive Fund Phase 3 was successfully mobilised in 2010. This set the scene and enabled swift program implementation for Phase 3. While 2011 was a productive year, there were achievements, challenges and important lessons which are captured in this report.

The pipeline of 209 Concept Proposals has been carefully assessed and 12 approved projects are being implemented, with one more to begin implementation in February 2012. Strategies which will deliver development-focussed outcomes for Papua New Guinean communities are in place.

*Planning and budgeting has commenced to ensure the full AUD 60 million budget for the Incentive Fund program is allocated to projects aimed at being completed by March 2014.*

Project support has remained flexible throughout 2011. The Incentive Fund team has worked closely with funded organisations to

ensure that project start-up has experienced few problems.

*Experience in 2011 confirms lessons learnt on the need for intense early implementation support.*

### Lessons Learnt

- Development Specialists conducting the initial M&E workshops noticed that a number of project and organisational staff were unaware of the **conditions of the Incentive Fund Agreement**. Subsequent M&E workshops included a discussion on reciprocal responsibilities and the importance of the IFA being accessible by all involved in the project.
- Early projects without previous experience with the Incentive Fund needed **extra support during the process of tendering and tender evaluation**. Incentive Fund staff identified existing provincial tendering documents and processes and assisted the projects to utilise those which were appropriate. Incentive Fund staff then observed the process of evaluation and selection of tenders and clarified the selection process for the organisations.
- The M&E workshop materials were further developed to include discussion on tendering and procurement. The Incentive Fund team now runs an **Implementation Workshop** with each organisation after the Incentive Fund Agreement is signed to address these issues.

All of the key activities in Output 1 have been achieved. The program has had positive media exposure through Incentive Fund Agreement signing ceremonies. Awareness workshops have been well attended and the number of enquiries has risen after each workshop.

*The established policies and procedures work well and successfully support the implementation of projects.*

Feedback from key stakeholders including the Management Group indicates that the service

and support given by the Incentive Fund team is satisfactory (see *Contractor Performance*, p22). Organisations have accepted their responsibility to report on technical and financial matters each month.

The first external audit of the Incentive Fund Head Imprest Account was completed with no irregularities discovered, GST refunds are being processed and the database and website are fully operational. Annex 4, Table 13 provides a complete list of outputs and achievements in program implementation.

## 5.2 Output 2: Monitoring and Evaluation

The Incentive Fund monitoring and evaluation framework (MEF) outlines the several levels at which monitoring and evaluation will occur for Phase 3:

Level	Focus and links to Incentive Fund output area
Program	Aggregated outcomes from funded projects, linked to Output area 1: Program implementation
Project	Implementation of projects, linked to Output area 2: Monitoring and evaluation
Contractor performance	Incentive Fund service and support for key stakeholders, linked to Output area 3: Program management

*The MEF was updated in October. In 2012 the focus of Development Specialists support will shift from monitoring support to planning of process evaluations for the twelve projects completing next year.*

### Program level

The database which became fully operational during 2011 is designed to provide Program level aggregated data for whole-of-program reporting.

Currently the focus is on project outputs rather than development outcomes: these will become measurable some time after projects have been completed. An aggregated list of the major outputs of all projects funded to date, is provided in Annex 4.

Some program level evaluations will be conducted by evaluation consultants in the last months of Phase 3 – from June 2013 to March 2014.

Measures of impact and sustainability of Phase 3 projects should be considered for 2015 and beyond, perhaps under the auspices of a further phase of the Incentive Fund.

All projects will have an evaluation at completion<sup>9</sup>, although the focus will be on **evaluating the implementation process** and the effectiveness of the organisational management (and lessons learnt) these will identify the likelihood of expected development outcomes being achieved, the quality of project management and lessons learnt.

### **Project level**

Project level monitoring is firmly in place, with funded organisations providing monthly technical and financial reports and Incentive Fund Development Specialists making site visits on a regular basis.

Monitoring has identified a small number of issues to which the Incentive Fund team has responded very quickly:

- the need for extra support for two projects, after the departure of Project Managers, to overcome anxiety on the part of remaining project management team members
- assistance in identifying suitable construction companies or contractors: the Incentive Fund developed a database of suitable small to medium-sized contractors

which is provided to and used by funded organisations

- lack of knowledge about procurement and subsequent need for advice and support e.g. in developing ToR for building contractors
- initial M&E workshops needing to be developed into Implementation Workshops to cover a range of issues such as roles and responsibilities, awareness of IFA conditions, use of templates for reporting, and reporting on gender, HIV/AIDS, disability and child protection activities
- the need for strategies to deal with delays in implementation caused by non-performance of architects, and/or slow on-site activity on the part of building contractors
- more regular support for Project Managers during the implementation of construction projects using small to medium sized contractors to ensure timeliness and quality is maintained.

The reporting templates used by funded organisations have been updated to include reporting on gender, HIV/AIDS, disability and/or child protection issues, depending on the activities the organisation has chosen to focus on.

### **Project outcome evaluations**

Observations by Development Specialists during M&E and Implementation Workshops suggest that very few of the funded organisations will be capable of conducting a completion evaluation without assistance. Outcomes evaluations one to two years after completion can be commissioned through the Incentive Fund consultancy budget, in late 2013 and early 2014.

To address the need for immediate evaluations of process and management, the Incentive Fund strategy will:

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<sup>9</sup> These will be carried out by the Incentive Fund, in collaboration with the funded organisations where these organisations provide skills and/or resources.

- work with the organisations to finalise an evaluation plan which includes participation by organisations staff in interviews and report briefings
- undertake a process evaluation which will examine the efficiency and effectiveness of the implementation **process**, the quality of project management and the strategies being employed for sustainability, and lessons learnt.

*Organisations will be encouraged to participate in the conduct of process evaluation planning and interviews as part of capacity building in M&E.*

Evaluations to identify the achievement of expected development outcomes and any indications of impacts will be the subject of discussions with Management Group during 2012. Consultancy funds available to the Incentive Fund will be allocated to appropriate evaluators for sector or other evaluations based on Management Group directions.

### Social research

Two social research projects were confirmed by the Management Group for conduct in 2012.

- A social and economic evaluation of Mt Hagen market.
- An investigation into the role of incentives in the Incentive Fund process.

### Contractor performance

Two measures of contractor performance have been conducted in 2011. Feedback has been sought from Management Group members and funded organisations, on the level of satisfaction with program service and support.

The first 2011 measure identified the need to provide the Management Group with meeting papers ten days before meetings this has been achieved. A second measure in August recorded overall satisfaction, the survey questionnaire and results are included in Annex 9.

*Management Group members say they are satisfied or very satisfied with the Incentive Fund support and advice.*

Two thirds of funded organisations indicated a very high satisfaction rating for Incentive Fund support.

The contractor performance measures will continue throughout 2012 and will form the basis of commentary on the effectiveness of managing contractor approaches as well as the implementation process for funded organisations, in the program completion report.

### Linkages

Throughout 2011 the Incentive Fund Monitoring and Evaluation Specialist has supported, advised and built capacity among the executive team of the fledgling PNG Association of Professional Evaluators (AoPE). The AoPE continues to grow and now has over 70 local members. With the assistance of the Incentive Fund, several training functions have been held and attended by large numbers of interested staff from GoPNG and other agencies. The M&E Specialist will continue as mentor throughout 2012.

### Achievement of key activities

Most key activities under Output 2 – monitoring and evaluation have been achieved. One activity which has been recorded as “partially achieved”, as not all the required activities are relevant is *Activity 2.9 – After each IFA is signed, develop project-specific technical and financial monitoring instruments and output and outcome strategies, monitoring plans*. The Incentive Fund technical and financial reporting templates are designed for use with **all** funded projects. Outputs and expected development outcomes are **included** in each IFA. Activity 2.9 has therefore focussed **only** on monitoring plans for each project, and this part of the activity has been achieved.



All Development Specialists have received training in monitoring and evaluation and two have attended a week-long training workshop on evaluation<sup>10</sup>. All have participated in a workshop on Outcomes Mapping facilitated by the Monitoring and Evaluation Specialist.

During the year a number of performance management assessments have been conducted by Development Specialists. This has introduced the concept of stakeholder and beneficiary consultation to funded organisations (Alotau Hospital, Divine Word University, Madang Catholic Health Services, PNG Maritime College, Mainohana Secondary School). Each organisation has observed the process of consultations and will be encouraged and supported to repeat these stakeholder and beneficiary consultations at the appropriate time.

The MEF was updated in October. In 2012 the focus will shift from monitoring to evaluation as a small number of projects will be completed (PNG Maritime College).

A full list of outputs and achievements in monitoring and evaluation is contained in Annex 4, Table 14.

### 5.3 Output 3: Program Management

The Incentive Fund team has continued to support the Sub Management Group and the Management Group throughout 2011. This has included the preparation of discussion papers for presentation to the Management Group to assist with discussions around the key decision topics in 2011. Papers presented at each meeting were:

MG meeting 7 – 3 March 2011

- Paper 5 – APNGIF projects to be considered for impact evaluations
- Paper 6 – Project management costs considered as part of a funding proposal

- Paper 7 – Basic requirements for an infrastructure proposal (checklist)

MG meeting 8 – 9 May 2011

- Paper 8 – Status report on Mt Hagen General Hospital and Mt Hagen Market facilities

MG meeting 11 – 8 December 2011

- Paper 9 – Documentary filming
- Paper 10 – Use of GST refunds to support 'on site' competency testing in construction trades
- Paper 11 – Use of GST refunds to support social inclusion training for funded projects

A summary of Management Group decisions on these topics is provided in Annex 5.

All key activities under Output 3 (see table 15 Annex 4) have been achieved.

Staff retention is at 100% and staff members continue to work as a strongly committed team. The process of peer review of documents and planning is an essential part of the work of the team. All reports (organisational assessments, Concept Proposal and Detailed Proposal assessments, and milestone reports) are peer reviewed. All staff participated in and contributed to an annual review of progress.

All financial management policies and procedures are in place and systems are operating effectively and the risk management plan has been updated to include issues arising from changes in Sub-Management and Management Group members.

For a full list of outputs and achievement in program management see Table 15, Annex 4.

## 6. Gender, disability, HIV/AIDS and child protection

During 2011, the Incentive Fund Development Specialist focused on social inclusion issues of gender, HIV/AIDS, disability and child

<sup>10</sup> Conducted under the auspices of EPSP and delivered by Anne Markiewicz, an Australian-based consultant.

protection, and continued to work towards funded organisations accepting responsibility for increasing their activities in the area of social inclusion.

An important step for the Incentive Fund to focus and strengthen its work on social inclusion with funded organisations, was linking with and ensuring policy guidance and direction from the Department for Community Development (DfCD).

*Links were successfully established through formal dialogue with the Department for Community Development and resulted in the establishment of a Cross Cutting Issues (CCI) Working Group approved and chaired by the Department.*

Consolidation and further development of the relationship between National and Provincial Departments for Community Development with the Incentive Fund and funded organisations is ongoing.

Major achievements in 2011:

- established formal dialogue and relationship with DfCD on social inclusion issues
- in partnership with the National Department for Community Development (DfCD), formed a CCI Working Group to facilitate and provide information to, and work with organisations to identify consistent approaches to social inclusion activities
- recognition and inclusion of CCI Working Group in the AusAID Partnership Agreement with DfCD
- inclusion of Incentive Fund AusAID activity manager as a core member of DfCD and AusAID project steering committee under the Partnership Agreement
- raised awareness of Management Group members and key stakeholders about social inclusion
- the Working Group developed and published a book on social inclusion issues, impact statements and a series of

checklists for sectors on gender, disability, HIV/AIDS and child protection. These checklists are now being used by relevant GoPNG departments and agencies

- Growth in membership of the CCI Working Group throughout 2011 to include representatives of Strongim Pipol Strongim Nesen (SPSN), Transport Sector Support Program (TSSP) and the Family Health Division of the National Department of Health
- As an example of collaboration now being fostered between sectors, departments and funded organisations, the TSSP Gender Adviser delivered gender training at Marianville Secondary School in December.

Discussions with the Department for Community Development and the CCI Working Group have identified potential areas for further training through the organisational assessment process and the audit of social inclusion activities undertaken by funded organisations. The result is a series of specific training modules on child protection, community conversation on HIV/AIDS and gender equality.

Collaboration between the national and provincial Departments for Community Development, Provincial Supply and Tenders Boards, Provincial Works Departments and the Incentive Fund has facilitated both social inclusion<sup>11</sup> awareness and transparent procurement processes into funded organisations.

*The Incentive Fund, through the CCI Working Group, is supporting and strengthening PNG Government agencies including the National Aids Council Secretariat, a number of sections within DfCD, the Department of National Planning and Monitoring (PIP section), the National Department of Education, (Organisational Development Section), and the Department of Provincial and Local Level*

<sup>11</sup> Including gender, HIV/AIDS, disability and child protection.



*Government Affairs, to champion issues of gender, HIV/AIDS, disability and child protection.*

The CCI Working Group met eight times in 2011 and will continue to do so in 2012 to provide guidance to, and share information with the Incentive Fund. The Management Group have recognised the importance of this work and have approved a budget line for all future Detailed Proposals to include social inclusion activities.

While preparing their Detailed Proposal, organisations have been encouraged to use the program's social inclusion checklists to audit existing policies, attitudes to and activities or services for women, people living with HIV/AIDS or disability and in child protection. The audit identifies the challenges and opportunities in achieving greater social inclusion as well as areas where existing relevant organisational policies can be upgraded. These checklists are now provided to organisations during the OA process which they complete and report on in their Detailed Proposal. This helps to raise awareness of the issues and to reinforce their integration at all levels within the organisation.

Using the activity checklists as an audit or baseline check on current social inclusion activities, new or improved activities are identified by the Development Specialists for each organisation to expand their services to groups previously excluded. The Incentive Fund encourages the organisation to look for areas which have an impact on the organisational structures, culture and management, networks and partnerships and on the kind of services the organisation provides.

*All funded organisations have recognised the importance of addressing social inclusion issues by appointing CCI champions, including committees within their organisations and linked to their respective projects. The organisations then work closely with the relevant stakeholders to ensure their selected activities address social inclusion activities **beyond the life of the project.***

Organisations now report on their social inclusion activities in each quarterly technical report to the Incentive Fund.

Collaborators such as provincial Departments for Community Development are increasing the level of involvement in social inclusion activities planned by funded organisations.

### **Capacity building and training for organisations**

Through the audit process, areas where the Incentive Fund team can undertake capacity building in social inclusion issues areas are identified. Discussions with the organisations then focus on capacity building strategies and opportunities of interest to the organisation.

Capacity building has been supported through the exchange and sharing of information, training programs and good practices.

Specific training programs have been developed in child protection, community conversation initiative training in HIV/AIDs and gender equality. In 2012 these training programs will be implemented by DfCD with funded organisations.

*The training programs have the potential for a much wider impact in the community and for use by other GoPNG agencies.*

### **Provincial engagement strategy to address social inclusion**

Provincial engagement strategies developed by the CCI Working Group have been very challenging for DfCD and the Incentive Fund in engaging with Provincial Divisions for Community Development, district and local level government and other local

organisations. Difficulties in coordinating efforts to address social inclusion with local organisations are attributed to the different roles and responsibilities at the national and provincial levels.

Therefore initial provincial engagement activities have been focussed on:

- strengthening role and linkages with the Provincial and District Community Development Offices, where possible, to gain closer working relationships and collaboration with funded organisations for their social inclusion activities
- raising awareness and understanding of ways in which funded organisations can address social inclusion in the funded project, the organisation and in the service provided to target groups possibly through collaboration with provincial, district and local level government community development officers.

## 7. Summary of key risks

Many of the risks identified apply to the processes involved with funded projects. A small number eventuated:

- **Gender, HIV/AIDS, disability and/or child protection not adequately addressed in Concept Proposals:** the management strategy of including more discussion of these issues in the information book and information sessions has resulted in increased attention by organisations. More focussed discussion during organisational assessments on CCI audits, appointment of champions and CCI committees has improved organisational attention to the issues in Detailed Proposals. The IFA now includes standard output activities related to CCI and the reporting templates include standard questions about CCI activities.
- **Insufficient building contractors.** Funded organisations have been encouraged to consider medium sized and local rather

than large contractors. This has resulted in requests for tenders achieving a good response and organisations have a number of bids to consider.

- **Delays in implementation of funded projects.** This risk has been added to the risk management matrix in the light of the need to complete all projects well before the Phase 3 closure at the end of June 2014. Pacific Adventist University, is currently experiencing severe delays as a result of poor architectural services. The Incentive Fund is constantly monitoring the situation and has instituted a deadline for PAU decisions. The use of constant monitoring and an efficient selection process for future funded projects will help ensure that this risk is managed.

## 8. Personnel

Two infrastructure specialists commenced in January 2011 and have added significant value to the team and funded projects through their combined experience and understanding of construction, design, costing, planning, as well as contractual and procurement issues. The support provided both to the other team members and management teams of the funded organisations has ensured projects are implemented in a professional and cost effective manner, maintaining quality and time control.

This has brought the number of staff members to 16. With the exception of two staff, all are Papua New Guineans.

There has been no staff turnover during 2011.

## 9. Lessons learnt from 2011

As projects are progressing, key themes are appearing that are providing useful lessons for implementation in infrastructure, tendering and tender assessment, disability access and linkages with other stakeholders.

## **Infrastructure**

Funded organisations usually engage a Project Manager to manage projects and provide monthly and quarterly reports as required in the signed Incentive Fund Agreement.

However, some organisations take on the responsibility themselves. Experience has shown that some funded organisations lack the capacity to manage their day to day activities in addition to the added responsibility of managing an Incentive Fund project. The following approaches could be adopted:

- A risk management plan should be developed during the Detailed Proposal stage to avoid issues such as a poor understanding of the roles and responsibilities relative to the project.
- With guidance from the Incentive Fund, organisations could prepare and issue their project management team with job descriptions, identifying particular roles and responsibilities. These roles and responsibilities should also be confirmed, approved and accepted by the organisation's management as well as the project team.
- The Project Manager's role ensures that the project is implemented successfully. It is also the Project Manager's role to ensure the project and organisational management teams are aware of issues in a timely manner.
- The Incentive Fund Agreement could include, as a special condition, a requirement for regular meetings relating to the project with minutes of meetings attached to monthly or quarterly reports.
- To support a better informed project and organisational management team, the Incentive Fund Development Specialist will increase contact and dialogue with the Project Managers.

## **Tendering and tender assessment**

The level of documentation that organisations require for transparent tendering and procurement can cause lengthy delays in implementation of funded projects.

To fast track this process, organisations could take a more proactive approach and get their tender and other documentation finalised prior to funding approval.

It has also been noted that organisations which do take a proactive approach tend to overlook the normal tender and procurement process. In such cases, the Incentive Fund has to issue instructions to funded organisations to ensure transparency in the tender and procurement process and that they abide by the requirements in the signed Incentive Fund Agreement.

## **Disability access**

Organisations sometimes overlook the requirement to address issues of inclusivity for people with disabilities. All infrastructure design and costing must allow for disability access including ramps, toilet / shower facilities and appropriate signage for sight impaired.

## **Using linkages to stimulate change in the wider environment**

The Program continues to build and strengthen linkages between funded organisations and relevant stakeholders for example, Alotau Hospital, the National Apprenticeship and Trade Testing Board (NATTB) and the Department for Community Development.

The Incentive Fund team facilitated a meeting between Notre Dame Secondary School and landowners, with attendance by the Provincial Lands Department, when landowner issues intervened potentially hindering the smooth implementation of the project.

Other linkages have been established between funded organisations and the Department for

Community Development, the National Maritime Safety Association (NMSA), the National and Provincial Departments of Education and Health, Central Supply and Provincial Supply & Tenders Board (CSTB, PSTB) and Non-Government Organisations (NGOs). For example, linkages were established between the PNG Maritime College and the National Maritime Safety Authority; and between Provincial Works Departments and Alotau General Hospital, St Mary's Hospital and Sonoma Adventist College.

*Linkages between funded organisations and national and provincial Government agencies and services are successful in generating local support for Incentive Fund projects and, in the longer term, for organisations providing services to the local communities.*

## 10. Next Steps

Eight of the currently funded projects are due for completion in 2012 (See Project time-line 2012, Annex 7). These projects will require:

- completion checklist visits by the Incentive Fund to ensure all outputs have been achieved
- a completion report from the organisations
- a completion evaluation by Incentive Fund staff during the defects liability period.

An organisational assessment of the National Agricultural Research Institute (NARI) in Keravat will be completed in January, and others will follow on management Group approval.

An IFA will be signed with Mt Hagen Technical College in February and staff members from the College and Kudjip Nazarene Hospital will attend an implementation workshop, as will all newly approved organisations throughout 2012.

The Incentive Fund will stop receiving Concept Proposals as at the end of June and Detailed Proposals in the middle of December 2012.

Careful monitoring of funded projects will be increased to ensure that projects complete within the required timeline. Incentive Fund staff will receive refresher training on project monitoring and evaluation, and on stakeholder consultation strategies, as necessary.

Project briefs will continue to be included in quarterly reports to provide updates of individual projects.

Incentive Fund senior staff will continue to utilise the database to enhance reporting key events in project implementation. The website will continue to be updated every quarter.

Incentive Fund team members making site visits will take video footage of workshops and monitoring activities to enable short DVD and YouTube segments to be developed for AusAID publicity purposes and the AusAID Media Unit photographer will accompany team members on several site visits throughout 2012.

New members of the Sub-management and Management Groups will participate in induction discussions as changes are made to these decision-making bodies.

The Incentive Fund will ensure that staffing levels are at an optimal level, that all contractual milestones are met and that quality controls are adhered to.

The overarching focus has and will continue to be, to support the SMG and the MG in their decision making, strategic and leadership roles for the Incentive Fund. These key relationships are critical to the success of the Incentive Fund and the team will continue to provide exemplary service and support to the SMG and MG.

## 11. Finance

### 11.1 Financial management systems and processes

The Incentive Fund continued to utilise and improve on the established financial systems

and processes for the operations and grant funds. Management of the above funds are well guided by the financial procedures manuals developed by the Incentive Fund.

### Operating account

The operating account supports Program operations. Replenishment of funds to this account is done by the managing contractor on a monthly basis. Billing to AusAID for reimbursable costs is done quarterly and in accordance with the head contract.

The managing contractor provides advice and plays a supervisory role for the Incentive Fund team, to support the Incentive Fund in maintaining excellent systems and processes.

*A report of an audit carried out by Coffey International Development's Adelaide office in April 2011 commented "The internal control systems are operating effectively and the evidence attached to transactions is of a high quality".*

All relevant registrations with the Internal Revenue Commission (IRC) to comply with the taxation requirements are in place and these have been kept up to date.

A summary of reimbursable disbursements from the Operating Account for the 2011 financial year is detailed in Annex 3.

### Imprest Account

Since the establishment of the imprest account in November 2010 with Bank South Pacific (BSP), all funding for approved projects has been deposited directly to this account from AusAID, Canberra. From the Imprest account, funds are disbursed directly to the approved organisations sub imprest accounts.

Towards the end of 2011, changes to personnel at the Department of National Planning and Monitoring (DNPM) affected the co-signatories to the Incentive Fund Imprest Account. These changes will be effected by BSP in early January 2012.

As a requirement under the Incentive Fund Contract for annual financial audits, an external audit of the above account was successfully conducted for the period from June 2010 to 30 April 2011.

*There were no major issues identified in the audit, as noted in the final audit report.*

A summary of receipts from AusAID into the Incentive Fund Imprest Account is tabled in Annex 3.

### Financial Management at Project Sub Imprest Account level

Financial management requirements for each funded project are well documented in the Incentive Fund Agreement and the Financial Management Handbook.

Projects finances are managed by an accountant provided by the recipient organisation as part of its counterpart contribution. At the end of 2011, financial management training has been conducted for 11 organisations that have proceeded to funded project implementation. This training has proved to be very successful with organisations providing the required monthly and quarterly financial reports to the Incentive Fund in a timely manner. These reports provide the 'instant' checks and balances on the financial position and validity of payments for each funded organisation.

The Incentive Fund finance team have monitored each funded project through quarterly (or as and when required) financial visits. This has enabled both parties to sort out any financial issues discovered or improvements required and any pending issues in the monthly and quarterly financial reports.

### Goods and Services Tax Management

The management of Goods and Services Tax (GST) for funded projects has been centralised as part of the Incentive Fund's strategy to

minimise any possible fraudulent activities. This means that all GST related matters including registration with the Internal Revenue Commission (IRC), lodgement of returns and follow up with the IRC for rebates for all funded projects are coordinated by the Incentive Fund office in Port Moresby. However, the preparation of GST returns rests with each funded project.

The 11 funded projects that proceeded to implementation have been registered for GST. The twelfth organisation with a signed IFA will lodge its application for GST registration in January 2012.

The Incentive Fund has had and will continue to hold regular meetings with the IRC to maintain the established mutual working relationship in the management of GST for funded projects.

The first lot of GST refunds for the funded projects were processed by the IRC and received by the Incentive Fund towards the end of September 2011.

*In 2011 total GST rebates of K591,139.79 of the K881,872.26 refund claims lodged with the IRC were received by the Incentive Fund. This equates to a recovery rate of 67% for the year. A further 7% refunds were received in early January 2012.*

## 11.2 Fraud and anti-corruption

In 2011, as part of the managing contractor's fraud control strategy, all staff undertook training to ensure that the risk of fraud is minimised in the Incentive Fund Program.

The finance team attended extra 'Fraud Awareness' training sessions conducted in-house by the managing contractor and also externally by AusAID in 2011. This training has been cascaded to all the Incentive Fund staff during in-house workshops.

*Incentive Fund implements AusAID's and Coffey International Development's 'zero tolerance' approach towards fraud.*

Fraud awareness was also included as part of the initial financial management training conducted for funded organisations after IFA signings.

Each Incentive Fund Agreement has a clause authorising the managing contractor to 'freeze' the bank account by notifying the financial institution that holds the account to do so. This also acts as a safeguard against fraudulent activities by the approved organisation.

## 12. Sustainability

The Incentive Fund Agreement is the contractual tool and medium by which the Incentive Fund monitors, reviews and measures defined indicators for each funded organisation. The Induction Workshops are now critical mechanisms for addressing sustainability and the reciprocal roles of the Incentive Fund and the funded organisation.

The key lesson from the implementation of the first funded projects was that ongoing additional emphasis must be provided at the organisational assessment stage. This has been actioned and assists the Incentive Fund to adequately support organisations. Discussion around sustainability issues are an important part of the organisational assessment process.

The overall approach to supporting organisations to address issues of sustainability and ownership is underpinned by the program's key principles below:

- ongoing consultation, participation and the development and maintenance of local ownership
- bottom-up planning
- involvement with stakeholders at all levels in the system
- equity ensuring benefits for all stakeholders



- economical approaches that are within the financial capacities of partners – considering the essential operational costs post-program
- availability of resources needed to maintain the activities and outputs post-program
- compliance with GoPNG policies, practices and priorities.

## 13. Environment

Currently, almost 100% of funded projects are construction related. The Incentive Fund program has stringent procedures in place throughout the 4 stage appraisal process, to ensure environmental issues are identified and adequately addressed.

At the **Concept Proposal** stage the template used by organisations includes a short checklist of environmental issues that could possibly affect the project site, or project activities that might have environmental consequences. This alerts the Incentive Fund team immediately to any potential issues or the need for an environmental impact assessment.

If the Concept Proposal passes the development screening and the Management Group approves an **Organisational Assessment** the Incentive Fund team discusses the issues noted on the checklist and makes an on-site assessment of the land and the local environment, taking into account possible land erosion, surface water drainage and any sewage works that may be planned. The organisation is made aware of Incentive Fund environmental requirements.

When submitting a **Detailed Proposal** the organisation is then obliged to complete a comprehensive Environmental Checklist and if necessary a detailed Environmental Assessment Plan, where any environmental issues identified would need to be fully detailed and how environmental damage if perceived would be mitigated.

Once an organisation is approved for funding and the project proceeds to implementation stage, the Incentive Fund Infrastructure Specialists ensure that all drawings and specifications meet the current GoPNG building regulations. All works are inspected on a regular basis to make sure construction complies with the drawings and specifications approved by the local building authority.

*To date there have been no environmental issues accruing from any of the 11 projects implemented: none of those scheduled for implementation or Detailed Proposals involve activities that threaten the environment in any way.*

## 14. Conclusions

2011 has been a year of consolidation for the Incentive Fund Program. The program's systems, processes and procedures established in the first six months have been tested and in some cases improved (for example, the progress from Monitoring and Evaluation Workshop to Implementation Workshop and the strengthening of the Incentive Fund 4 Stage Process and tools as described in this report). All key program documents, manuals and guides have been reviewed and updated.

The proposal pipeline established is providing the Management Group with projects to fund that are in line with Government of Papua New Guinea development priorities. Twelve projects have been implemented and one has been successfully completed. The total AusAID funding for Incentive Fund projects is expected to be allocated by the middle of 2012, with all projects expected to finish by the end of 2013.

While some program outputs have been visible, it is expected that in the latter half of 2012 more immediate outcomes will become tangible.

- **PNG Maritime College.** More female seafarers will further their studies towards master class certification, adding to the pool of skilled officers available to the maritime

industry. PNG Defence Force staff and staff of burgeoning industries such as mining will improve their response to disaster through survival training.

- **Catholic Health Services, Madang.** As new health centres and aid posts are completed in rural Madang, there will be more assisted births and lower maternal death rates; more child immunisation and resultant better child health, and increased access to drugs for victims of malaria.

In 2013, after the completion of eight projects, more outcomes in health and education should become visible and a number of the projects will have identifiable gender outcomes.

- Positive **health** statistics in Madang as more health posts are completed; there is more and better access to hospital and specialists care in Vanimo and Alotau and better nursing for better health in East New Britain
- Increased access to tertiary and vocational **education** in Madang, Central, and Western Highlands, particularly for women.

There will be more relevant outcomes, some unexpected, as the Incentive Fund progresses towards achieving the overall goal and the attainment of the program's objectives into late 2013 and 2014. Most of these outcomes will be directly related to the key development priorities of the Government of Papua New Guinea. These outcomes will be the result of projects initiated by Papua New Guinean organisations and managed by Papua New Guineans using Papua New Guinean contractors, for the benefit of Papua New Guinea communities across (as at the end of 2011) eight provinces.

Underpinning the success of the program so far is the strong relationship and local ownership of the Incentive Fund program led by the Incentive Fund Management Group and the Governments of Papua New Guinea and Australia.

The Incentive Fund team and Coffey International Development are proud of these achievements on behalf of AusAID and look forward to continuing to support the Government of Papua New Guinea achieve its development outcomes.



# Annex 1

## Detailed Data on Pipeline Activities

**Table 5: Total funding sought in Concept Proposal received, by type of organisation**

Organisation Type	No. of CPs	% of total CPs	Total value of CPs (kina)	% of total value
Provincial government	49	23	216,850,810.00	26
FBO	45	22	228,062,760.00	27
Community organisations	36	17	50,881,139.00	6
Private sector organisation	23	11	95,523,474.00	12
Local level government	22	11	48,094,778.00	6
NGO	16	8	68,234,224.00	8
Statutory Government	15	7	115,791,655.00	14
Other	3	1	13,250,216.00	1
<b>Total</b>	<b>209</b>	<b>100</b>	<b>836,689,056.00</b>	<b>100</b>

**Table 6: Sectors represented in Concept Proposals passing / not qualifying stages 1 and 2**

Sector	Pass	Did not qualify	Value of CP passing (Kina)	% of CP passing
Education - Adult Literacy	1	4	1,495,788	1
Education - Basic	0	51	0	
Education - Secondary	5	12	23,342,660	14
Education - Tertiary	6	6	44,551,700	26
Education - Vocational	3	6	28,579,800	17
<b>Total education sector</b>	<b>15</b>	<b>79</b>		<b>(58)</b>
Health - Primary/rural	3	11	13,271,342	8
Health - Maternal/Child	0	2	0	
Health - Nursing	1	1	842,000	0.5
Health - Hospitals	4	7	34,825,000	21
<b>Total health sector</b>	<b>8</b>	<b>21</b>		<b>(29.5)</b>
Economic - Agriculture and Livestock	1	13	5,000,000	3
Economic - Markets	0	3	0	
Economic - Fisheries	0	6	0	
Economic - Income Earning Opportunities	0	10	0	
Economic - Small and Medium Enterprises	0	3	0	
<b>Total economic sector</b>	<b>1</b>	<b>35</b>	<b>5,000,000</b>	<b>(3)</b>
Cross Cutting Issues - Gender	0	1	0	
Cross Cutting Issues - HIV/AIDS	0	3	0	
Information Communication Technology and Infrastructure	0	2	0	
<b>Total CCI</b>	<b>0</b>	<b>6</b>	<b>0</b>	
Rural Development/Community Infrastructure	0	10	0	

Sector	Pass	Did not qualify	Value of CP passing (Kina)	% of CP passing
Urban Development	0	4	0	
Youth	0	4	0	
Institutional Strengthening/Capacity Building	2	4	<b>9,750,000</b>	<b>(6)</b>
Transport/National Corridors	0	9	0	
Religious Activities	0	2	0	
Clean Water and Sanitation	0	8	0	
Other	1	0	<b>6,813,000</b>	<b>(4)</b>
<b>Total</b>	<b>27</b>	<b>182</b>	<b>168,471,290.</b>	<b>101.5%**</b>

\*\* Percentages rounded to nearest whole number

**Table 7: Provincial source of Concept Proposals**

Province	No. of CP submitted	% of CP submitted	Total value of CP submitted (Kina)	No. of CP passing	Value of CP passing (Kina)
NCD	27	13	140,008,384	5	40,190,800
Eastern Highlands	24	11	113,318,747	4	29,750,000
East Sepik	19	9	37,625,220	Nil	Nil
Madang	17	8	69,635,229	3	19,601,700
Western Highlands	16	8	63,481,432	3	18,464,000
Morobe	15	7	31,009,782	Nil	Nil
Sandaun	11	5	38,331,424	1	7,825,000
East New Britain	11	5	24,627,172	3	7,692,000
Southern Highlands	10	5	34,989,003	Nil	Nil
Milne Bay	9	4	41,537,674	3	16,081,342
Jiwaka	7	4	22,895,788	3	9,195,788
Central	8	3	36,598,412	1	9,670,660
West New Britain	6	3	34,000,000	1	10,000,000
Western	4	2	27,874,334		
Simbu	3	1	17,924,502		
Enga	3	1	6,077,118		
Oro	3	1	11,818,700		
Hela	2	1	7,940,900		
New Ireland	2	1	1,520,000		
ARoB	1	1	560,000		
Manus	1	1	3,470,000		
Gulf	1	1	5,268,492		
Multiple	9	5	66,176,743		
<b>Total</b>	<b>209</b>	<b>100</b>	<b>836,689,056</b>	<b>27</b>	<b>168,471,290</b>

**Table 8: Provincial source of Concept Proposals passing stages 1 and 2 and considered for organisational assessment, 2010 and 2011, by value of Concept Proposals**

Province	No. of OA by end 2010	Value of organisational assessments end 2010 (Kina)	Total no. of OA by end 2011	Total value of organisational assessments end 2011 (Kina)
National Capital District	3	21,048,000	5	40,190,800
Jiwaka	3	12,195,788	3	9,195,788
Madang	3	19,601,700	3	19,601,700
Eastern Highlands	2	14,750,000	4	29,750,000
Western Highlands	2	10,600,000	3	18,464,000
East New Britain	2	2,692,000	3	7,692,000
Milne Bay	1	10,000,000	3	16,081,342
West New Britain		0	1	10,000,000
Sandaun	1	7,825,000	1	7,825,000
Central	1	9,100,000	1	9,670,660
<b>Total</b>	<b>18</b>	<b>107,812,488</b>	<b>27</b>	<b>168,471,290</b>

**Table 9: Organisations approved for assessment (OA) by Sectors and Province**

Organisation	Value (Kina)	Education	Provinces
ADRA PNG	1,495,788	Adult Literacy	Jiwaka
Notre Dame Secondary School	5,174,000	Secondary	WHP
Catholic Diocese of Bereina	9,670,660	Secondary	Central
Marianville Secondary School	4,798,000	Secondary	Central
Santa Maria High School	3,000,000	Secondary	MBP
Divine Word University	8,301,700	Tertiary	Madang
PNG Maritime College	5,800,000	Tertiary	Madang
Pacific Adventist University	10,000,000	Tertiary	Central
Sonoma Adventist College	1,850,000	Tertiary	ENBP
Mt Hagen Technical College	8,600,000	Tertiary	WHP
WNB Provincial Government	10,000,000	Vocational	WNBP
Fr. Peter Secondary School - Fatima	700,000	Secondary	Jiwaka
Hohola Youth Development Centre	9,325,800	Vocational	NCD
<b>TOTAL EDUCATION</b>	<b>76,203,148</b>		
Alotau General Hospital	10,000,000	Hospitals	<b>MBP</b>

Organisation	Value (Kina)	Education	Provinces
Vanimo General Hospital	7,825,000	Hospitals	<b>Sandaun</b>
Nazarene Health Ministries	7,000,000	Hospitals	<b>Jiwaka</b>
St. Mary's Hospital Vunapope	842,000	Nursing	<b>ENBP</b>
Madang Catholic Health Services	5,500,000	Primary/rural	<b>Madang</b>
Catholic Health Services, Mount Hagen -	4,690,000	Primary/rural	<b>WHP</b>
Catholic Diocese of Alotau	3,081,342	Primary/rural	<b>MBP</b>
Goroka Base Hospital	10,000,000	Hospitals	EHP
Cheshire Disability	6,813,000	Disability	NCD
<b>TOTAL HEALTH</b>	<b>48,938,342</b>		
Division of Agriculture & Live/stock	4,750,000	Economic-Agriculture	EHP
National Agriculture Research Institute	5,000,000	Economic- Agriculture	ENBP
<b>TOTAL ECONOMIC-AGRICULTURE</b>	<b>9,750,000</b>		
<b>Grand Total in Kina</b>	<b>134,891,490</b>		

## Annex 2

### **Implementation Schedule**

## Implementation Schedule



## Annex 3

### **2011 Actual Expenditure Summary**



**Table 10: Actual expenditure January - December 2011**

Payment Streams	Financial Limitation	Jun 2010 - Dec 2010 Actuals	Jan 2011 - Dec 2011 Actuals	Dec 2011 Balance
Program Office Costs	8,265,327	949,914	1,750,231	5,565,182
Fixed Management Fees	4,248,050	637,207	977,052	2,633,791
Reimbursable Costs	800,000	39,479	198,825	561,696
Unallocated Short Term Assistance	1,000,000	2,419	27,411	970,170
Imprest Account Payments	60,000,000	-	17,948,820**	42,051,180
<b>Total</b>	<b>74,313,377</b>	<b>1,629,019</b>	<b>20,902,339</b>	<b>51,782,019</b>
<b>Current Funded Projects</b>				
1. PNG Maritime College			2,454,985*	-
2. Divine Word University			2,472,686*	1,041,201
3. Catholic Health Services Madang			1,488,191*	839,812
4. Alotau General Hospital			1,174,981*	3,057,751
5. Mainohana Development Project			2,405,201*	1,688,130
6. Vanimo General Hospital			2,099,836*	1,212,277
7. Pacific Adventist University			1,852,686*	2,380,046
8. Notre Dame Secondary School			2,150,088*	39,928
9. St Mary's Hospital Upgrade			609,986*	88,469
10. Sonoma Adventist College			361,280*	505,427
11. Marianville Secondary School			810,489*	1,205,561
12. Kudjip Hospital Hydro Project			68,411*	3,902,103
13. Mt Hagen Technical College			-	
<b>Total</b>			<b>17,948,820</b>	<b>15,960,705</b>

1.\*\* Sum of all the project drawdowns as shown ( )

2. Figures are in AUD

## Annex 4

### **Progress against scheduled outputs**

## Scheduled Output 1 – Program implementation activities

**Table 11: Scheduled Output 1 – Program implementation activities for January - December 2011**

Key Activity – Output 1	2011 Progress Achieved
<i>Activity 1.1:</i> Work closely with AA to ensure the Incentive Fund gains maximum exposure through the media.	Achieved and ongoing
<i>Activity 1.2:</i> Awareness workshops: <ul style="list-style-type: none"> <li>• Conduct targeted awareness workshop in provinces as identified and approved by the MG.</li> <li>• Develop and carry out specific sector awareness workshops for both AusAID and DNPM as required.</li> <li>• Continue to develop dialogue and share ideas and initiatives with SPSN program</li> </ul>	<p>Achieved</p> <p>Regular dialogue and information sharing with the Sub National Strategy (SNS), SPSN, provincial administrations and sectors. 14 CP's passed on to SPSN.</p> <p>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 NDoE, NDoH, Central, Milne Bay and East New Britain Provincial Administrations.</p>
<i>Activity 1.3:</i> Respond to all enquiries for IF 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
<i>Activity 1.4:</i> 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.
<i>Activity 1.5:</i> 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. IF 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.
<i>Activity 1.6:</i> 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.
<i>Activity 1.7:</i> 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
<i>Activity 1.8:</i> Inform all applicants of outcome of screening at all stages.	Achieved. All organisations notified of decisions after each MG meeting.
<i>Activity 1.9:</i> 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

Key Activity – Output 1	2011 Progress Achieved
<i>Activity 1.10:</i> 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 OA's 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 3 organisations were invited to prepare a DP.
<i>Activity 1.11:</i> 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
<i>Activity 1.12:</i> 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 approved for funding by MG in 2011: this IFA to be signed in February 2012
<i>Activity 1.13:</i> Carry out initial financial management training and provide necessary financial reporting templates to all funded organisation.	Achieved for all projects with a signed IFA
<i>Activity 1.14:</i> 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
<i>Activity 1.15:</i> 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
<i>Activity 1.16:</i> Assist organisations in the procurement of construction services.	Achieved for funded organisations requiring extra assistance in procurement and tendering processes, and tender selection.
<i>Activity 1.17:</i> Develop and implement project management training package for the organisations' project management teams and the contractors site management staff	Achieved
<i>Activity 1.18:</i> 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
<i>Activity 1.19:</i> Establish processes and procedures with the Internal Revenue Commission (IRC) to submit GST refund claim forms from funded organisations on a monthly basis	Achieved
<i>Activity 1.20:</i> 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
<p><i>Activity 1.21:</i> Continue inclusion of cross-cutting issue approaches in templates/checklists/documentation to ensure these are identified and integrated in the IF process, documentations and activities.</p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul> <p>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.</p>	<p>Achieved and on-going</p> <p>Discussion and agreement reached with DfCD. CCI Working Group established with Incentive Fund as critical member</p> <p>Cross cutting issues included in Concept Proposal Gateway Application form and appraisal form, DP template and completion report template</p> <p>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.</p> <p>Questions on cross cutting issues included in organisational assessment tools</p>

## Scheduled Output 2 – Monitoring and evaluation

**Table 12: Scheduled Output 2 – Monitoring and Evaluation activities for January-December 2011**

Key Activity – Output 2	2011 Progress Achieved
<i>Activity 2.1:</i> Review and update the Monitoring & Evaluation Framework to reflect the current IF activity and any lessons learnt.	Achieved: completed and peer reviewed October 2011
<i>Activity 2.2:</i> 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.	<p>Achieved:</p> <p>December training for Incentive Fund team on Outcomes Mapping</p> <p>IF development specialists involved in revising Incentive Fund project logic</p> <p>Updated MEF provide to MG and stakeholders</p>
<i>Activity 2.3:</i> Work with Development Specialist – Cross Cutting Issues (CCI) to increase advocacy on cross-cutting issues through inductions for IF 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
<i>Activity 2.4:</i> Continue to update the Risk Management Plan.	Achieved: Review and update completed

Key Activity – Output 2	2011 Progress Achieved
<i>Activity 2.5:</i> 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
<i>Activity 2. 6:</i> 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 as organisations achieved funding for approved projects
<i>Activity 2.7:</i> Review and implement basic training package in M&E for all funded organisations.	Achieved in April and October after Performance management measures
<i>Activity 2.8:</i> At OA stage, continue to discuss individual organisation M&E requirements.	Achieved
<i>Activity 2.9:</i> 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
<i>Activity 2. 10:</i> 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
<i>Activity 2. 11:</i> Review and align IF 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)
<i>Activity 2. 12:</i> Review and discuss “Lessons Learnt Strategy report” from APNGIF and make recommendations to the Management Group on future ‘lessons learnt’ reporting.	Achieved. Reference made to this report throughout 2011, as required.
<i>Activity 2. 13:</i> Train Incentive Fund development specialists to implement M&E training and support funded organisations for whom they are responsible.	Achieved: Developments Specialists have received training and attended evaluation workshops to upgrade skills. All now support organisations to provide the required technical and financial reports, and to undertake performance management measures. More emphasis on this in 2012.
<i>Activity 2. 14:</i> 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
<i>Activity 2.15:</i> Ensure the database is revised or updated in timely manner where use over time identifies any new requirements for the database.	Achieved: IF team worked steadily with data base developers to improve and rectify issues in data base. IF team developed report formats now included in data base.
<i>Activity 2.16:</i> Undertake six monthly consultations with funded organisations, including key stakeholders and beneficiaries on project implementation and possible emerging development outcomes.	Achieved. Four organisations reached 6 months stage and consultations completed
<i>Activity 2.17:</i> Prepare OA summary reports for organisations. These reports must focus on areas where the organisation needs IF 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.
<i>Activity 2.18</i> Support Independent Review Team (IR) as required eg provision of data, records.	IRT team visit delayed until 2012

### Scheduled Output 3 – Program management activities

**Table 13: Scheduled Output 3 – Project Management activities for January - December 2011**

Key Activity	2011 Progress Achieved
<p><i>Activity 3.1:</i></p> <p>Ensure program office functions effectively with committed staff as part of the Incentive Fund team.</p> <p>Undertake ongoing staff development to improve effective delivery of program outcomes.</p>	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
<i>Activity 3.2:</i> Recruit and support Short Term Advisers (STA) as approved by the MG, for STA pool	Partially achieved: in progress at December 2011
<i>Activity 3.3:</i> 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 IF team support in performance management measures
<i>Activity 3.4:</i> 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 by IF team trained in web site management
<i>Activity 3.5:</i> 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.



<i>Activity 3.6:</i> Ensure IF 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
<i>Activity 3.7:</i> Apply risk management plan and update regularly, including fraud.	Achieved update and this will be ongoing
<i>Activity 3.8:</i> Review IF Team 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.
<b>Contractual milestones</b>	
<b>Key Contract Milestones for 2011</b>	<b>Contractual deadlines</b>
<i>Activity 3.9:</i> Annual Report for 2010	February 2011. Completed and approved
<i>Activity 3.10:</i> Annual Plan for 2011	February 2011. Completed and approved
<i>Activity 3.11:</i> Quarterly Report Jan-Mar 2011	May 2011. Completed and approved
<i>Activity 3.12:</i> Six monthly Report Jan-June 2011	August 2011. Completed and approved
<i>Activity 3.13:</i> Quarterly Report July-Sept 2011	November 2011. Completed and approved
<i>Activity 3.14:</i> Independent Review of Incentive Fund for Year 1	Delay advised by AusAID

## Annex 5

### **Management Group decisions**

**Table 14: Issues and Management Group decisions**

Main Issue/Discussion Paper	Management Group Decision(s)	Status
<b>Discussion Paper #5:</b> <b>Which APNGIF projects should be considered for impact evaluations?</b>	<ol style="list-style-type: none"> <li>1. Mt Hagen Market and</li> <li>2. Incentive Fund program design</li> </ol>	<p>ToRs are being prepared around the following:</p> <ol style="list-style-type: none"> <li><b>1. Mt Hagen Market:</b> <ul style="list-style-type: none"> <li>• What are the requirements for and barriers to sustainable high quality market management?</li> <li>• What is the longer term impact of the market on agriculture models in Mt Hagen?</li> <li>• What if any improvements in collaboration have the market prompted between agricultural NGO/organisations?</li> <li>• Does the market continue to have positive impact on urban women, street youth?</li> </ul> </li> <li><b>2. Incentive fund Program Design</b> <ul style="list-style-type: none"> <li>• Does the IF design really help organisations become more effective and efficient?</li> <li>• What is the role of the 'incentive' and how does this influence decisions to improve management and to propose a development-focussed project?</li> </ul> </li> </ol>
<b>Discussion Paper #6:</b> <b>Should project management costs be considered as part of a funding proposal?</b>	Agreed to take a case-by-case approach	OA and DP process and tools have been reviewed and strengthened to provide adequate information to MG for their decision(s)
<b>Discussion Paper #7:</b> <b>Checklist on basic requirements for an infrastructure proposal</b>	Infrastructure-related proposal checklist approved	Checklist being used at appropriate assessment stages
<b>Discussion Paper #8:</b> <b>Status report on Mt Hagen General Hospital and Mt Hagen Market facilities (APNGIF)</b>	Update reports accepted	N/A
<b>Discussion Paper #9:</b> <b>Documentary filming for funded projects</b>	AusAID Public Affairs to provide feedback to Incentive Fund team on different mediums available	Incnetive Fund met with AusAID who have allocated six You-tube slots in 2012. The contents are to be discussed and agreed

<p><b><i>Discussion Paper #10:</i></b>  <b>Consider use of GST refunds to support 'on site' competency testing in construction trades</b></p>	<ol style="list-style-type: none"> <li>1. Approved the request and</li> <li>2. Approved a budget of K44,000.00 to implement</li> </ol>	<p>IF and National Apprentice Trade Testing Board (NATTB) representative visited Alotau General Hospital (AGH) and Milne Bay Provincial Administration and Works Division. Report from NATTB pending to further progress this</p>
<p><b><i>Discussion Paper #10:</i></b>  <b>Consider use of GST refunds to support social inclusion training for funded projects</b></p>	<ol style="list-style-type: none"> <li>1. Did not approve use of GST for currently funded projects, i.e., Incentive fund Agreements 1-11</li> <li>2. Only new proposals can include a Cross Cutting Issues activities budline in their submission</li> </ol>	<p>Ongoing communication and update to all concerned</p> <p>IF 4 stage process, criteria and tools reviewed and updated</p> <p>OA and DP development in particular will focus on this</p>

## Annex 6

### **Expected outputs from funded projects**

**Table 15: Expected major outputs proposed by organisations with allocated funding July 2010 to December 2011**

<b>Health: 01/07/10 - 30/09/11</b>	<b>New</b>	<b>Refurbished</b>	<b>Total</b>
	<b>No of units</b>	<b>No of units</b>	<b>No of units</b>
Hospital wards	10	3	13
Specialist wards/clinics/labs	7	3	10
Administration blocks	3	1	4
Meri waiting houses	2		2
Family support centre	1		1
Physiotherapy building	1		1
Senior Management offices	10		10
Staff dormitory beds (female)	71	28	99
Staff houses	50	5	55
Aid posts/community health posts	10		10
Conference facilities	1		1
Social Support Services building	1		1
Ablution block	1		1
Health services clinic/Health Centre	1	2	3
Hydro-electric system for hospital & community	1		1
Store		1	1
<b>Education: 01/07/10 - 30/06/11</b>	<b>New</b>	<b>Refurbished</b>	<b>Total</b>
	<b>No of units</b>	<b>No of units</b>	<b>No of units</b>
Classrooms	21		21
Teachers houses	10		10
<i>Student dormitory beds</i>			
# Female	436	220	656
# Male	496		496
Staff offices	2		2
Trade workshops	5		5
Laundry/ablution blocks	4		4
Kitchens	2	2	4
Administration building	2	1	3
Student lecture theatres	3		3
Conference room	1		1
Staff room	1		1
Meeting rooms	10		10
Computers	100		100
Computer laboratory/IT centre	2		2
Post Graduate study room	1		1

Cafeteria/dining hall	2	1	3
Cool store	1		1
Toilet blocks	2	1	3
Store rooms	2		2
Health & food tech Centre	1		1
Laundry		1	1
Offshore training centre	1		1
Research Library	1		1
IT Centre	1		1
Water reticulation	1	2	3
Polaris Simulator		1	1



## Annex 7

### **Project timelines 2011 and 2012 – Major landmarks**

## Project timeline 2011 Major landmarks

12 Projects sign Incentive Fund Agreements

<i>First meeting of Management Group for 2011 (#6)</i>	<b>JAN</b>	Two infrastructure Development Specialists join Incentive Fund First IFA signed with PNG Maritime College CCI Working group endorsed IF checklists
	<b>FEB</b>	Divine Word University and Madang Catholic Health Services IFA signed First M&E workshop in Madang with 3 organisations
<i>Management Group meeting #7</i>	<b>MAR</b>	Mainohana Secondary School and Alotau General Hospital IFA signed First combined M&E and CCI training trialled in Alotau, IF staff training: finance, HSSE, social inclusion, fraud
	<b>APR</b>	Vanimo General Hospital IFA signed M&E and CCI training completed at Vanimo General Hospital IF awareness session held in Sandaun
<i>Management Group meeting #8</i>	<b>MAY</b>	IF awareness sessions in Autonomous Region of Bougainville and Central Province If awareness session for National Department of Education
	<b>JUN</b>	Sonoma Adventist College, St Mary's Hospital, Notre Dame Secondary School and Pacific Adventist University IFA signing IF awareness sessions in Milne Bay, New Ireland, Morobe and Gulf Provinces
<i>Management Group meeting #9</i>	<b>JUL</b>	IF awareness sessions for health sector M&E and CCI workshop at Notre Dame
	<b>AUG</b>	VGH Contract signed between CSTB and Contractor Marianville Secondary School IFA signed 1 <sup>st</sup> 6 monthly stakeholder consultations for PNGMC, DWU and CHS – Madang Notre Dame Secondary School tender opening
<i>Management Group meeting #10</i>	<b>SEP</b>	St. Mary's Vunapope Hospital tender opening Mainohana project 6 monthly stakeholder consultation
	<b>OCT</b>	Tender opening for Sonoma Adventist College St Maria School and Sideia Health Centre (MBP), WNB Technical College OA completed IF selected as case study by Office of Development Effectiveness M&E and CCI implementation workshop at Marianville
<i>Management Group meeting #11. Independent member term extended 12-18 months</i>	<b>NOV</b>	VGH 6 monthly stakeholder consultation End of year program review by all IF staff Tender opening for PAU ENB Provincial Government special IF awareness workshop in ENB
	<b>DEC</b>	Nazarine Kudjip Hospital IFA signed NARI confirmed for OA Santa Maria, WNB government (Tech) and Sideia invited to prepare DP Tender assessment for Marianville Secondary School St Mary's and Sonoma (ENB) sign building contractors for works

### Other achievements throughout 2011

- IF adopts "Use your Voice" campaign, 2 staff members walk the Kokoda track distributing awareness materials
- Appointment of Office Manager and second Project Support Officer
- First GST returns in September

### Other achievement throughout 2011

- 1<sup>st</sup> stakeholder consultations, Mainohana, Alotau, DWU, PNG Maritime College, Madang Catholic Health Services, and Vanimo Hospital
- Special meeting re contractor issues and expedite contractors, St Mary's Hospital and Sonoma Adventist College

## Project timeline 2012 Major landmarks

8 Projects completing in 2012

K43,921,488 in completed projects

	<b>JAN</b>	Marianville Secondary School building contracts <u>commencement</u> Catholic Health Services Madang Stage 2 <u>commencement</u>
K 5, 800, 000	<b>FEB</b>	Maritime College <u>opening</u> : Survival training centre, library, electrical workshop, female dormitory Kudjip Nazarene Hospital <u>commencement</u> Mt Hagen Technical College <u>IFA signing</u>
K 8, 301, 700	<b>MAR</b>	DWU <u>completion</u> : 31/03/12. 320 dormitory beds (128 female)
	<b>APR</b>	Catholic Health Services Madang Stage 3 <u>commencement</u>
K 2,008,292	<b>MAY</b>	Catholic Health Services Madang Stage 1 <u>completion</u> : 30/05/12
K 635,754	<b>JUN</b>	Catholic Health Service Stage 2 <u>completion</u>
	<b>JUL</b>	
K 9, 770, 660	<b>AUG</b>	Mainohana Development Project. <u>completion</u> : 31/ 08/12. 360 dormitory beds for males, 6 classrooms, 4 trade workshops, ablutions
K 1, 650, 128	<b>SEP</b>	St. Mary's Hospital <u>completion</u> : 1 new and 1 renovated dormitory for single nurses, total 72 beds for project
K 7,825,000 K 5,074,000	<b>OCT</b>	Vanimo General Hospital <u>completion</u> : 31/10/12. New admin block with dental and radiology, conference and office resources. 30 beds female dorm, a social service support building and 2 BR accommodation. Notre Dame Secondary School <u>completion</u> 30/10/12. 3 staff duplexes, 52 bed dormitory, 2 storey double classroom, kitchen, admin, building, dining hall extension
	<b>NOV</b>	Madang Catholic health Services Stage 2 <u>completion</u>
K 2,855,954	<b>DEC</b>	Catholic Health Services Madang Stage 3 <u>completion</u>

### 2012 pipeline (as at 31/12/11)

DP - Mt. Hagen Catholic Health Services  
 - West New Britain Provincial Administration  
 - Sedeia Health Centre  
 - ST. Maria School, Wataluma  
 OA Hohola Youth Development Centre  
 National Agricultural Research institute

### 2013 projected completion dates

30/5/13 Alotau General Hospital	K10,000,000
31/3/13 Sonoma Adventist College	K 2,047,631
31/5/13 Marianville Secondary School	K 4,763,000
8/6/14 Kudjip Nazarene Hospital	K 9,380 500
8/6/14 Mt. Hagen Technical college	K 8,532,711
<b>Total</b>	<b>K 34,713,842</b>

## Annex 8

### **2011 Key milestones in social inclusion**

## 2011 Timeline – Social Inclusion

Gender, HIV/AIDS, Child Protection, Disability and Environment

K43,921,488 in completed projects

<b>JAN</b>	DFCD Secretary Klapat acceptance Partnership engagement
<b>FEB</b>	CCI Working group endorsed IF checklists & IF Framework on CCI and Formulation of CCI Core Group to CCI Working Group by the Department for Community Dev.
<b>MAR</b>	First combined M&E and CCI training trialled in Alotau. IF Staff training: Finance, HSSE, social inclusion, Fraud. Mainohana CCI Training and Trial Provincial Engagement Strategy using Community Conversation initiative
<b>APR</b>	M&E and CCI training completed at Vanimo General Hospital Dissemination of CCI Policies of GoPNG and GoA & CCI Booklet Review
<b>MAY</b>	Appointment of CCI Champion and CCI Committee at Vanimo General Region, Bougainville and in Central Province. DWU, CHSM, PNGMC CCI Training & Dissemination of CCI Policies
<b>JUN</b>	IF First Anniversary, Appointment of CCI Champion and establishment of CCI for AGH and CCI Booklet review
<b>JUL</b>	M&E and CCI Training at St. Mary's, Sonoma & Notre Dame. Appointment of CCI Champion at Mainohana and Induction of DFCD Policy/Planning officers & CCI and IF Awareness
<b>AUG</b>	Appointment of CCI Champion in coordinating role in CCI for St. Mary's, DWU & CHSM CCI Stakeholder Consultation
<b>SEP</b>	CCI Working Group First Anniversary, Appointment of CCI Champion PNGMC and Use your Voice Campaign meeting
<b>OCT</b>	IF Staff walks Kokoda for Breast Cancer and FSV Partnership Agreement between AA/DFCD included IF & Appointment of CCI Champion Notre Dame & PAU
<b>NOV</b>	CCI Booklet 2 <sup>nd</sup> Review Appointment of CCI Champion- Marianville Secondary School
<b>DEC</b>	K 2,855,954 CCI Booklet 2 <sup>nd</sup> Review Appointment of CCI Champion- Marianville Secondary School

- CCI Working Group established and meeting regularly
- CCI Working Group consultations with Central Provincial Administration includes Administrator, Planning Division, Department of Education.
- DfCD Policy and Planning officers information workshop
- Incentive Fund CCI checklists reviewed and adopted by DfCD

Provincial Department for Community Development, Sandaun, participate in CCI “Mainstreaming” workshop

Incentive Fund checklists converted to tool kit by DfCD CCI Working Group and published as book

Mainstreaming training at PAU involves CCI Working Group members

## Annex 9

### **Performance Management Key Results 2011**



## Organisation feedback to the Incentive Fund team

August 2011

Dear .....

The Incentive Fund team is here to support you and your organisation as you implement your funded project. Your feedback to us will help us make sure we do our job well and you are benefitting from our support.

Please discuss the questions in this document with your project team and any relevant stakeholders, and give us clear and constructive feedback and criticism. We will appreciate any comments or suggestions and consider carefully how we can improve our support for your organisation.

As you consider each statement in the matrix below, also consider whether you agree or disagree with it, using the scale provided. Just write the number that reflects your level of agreement, in the box beside the statement. Then add comments or suggestions to help us. *Some statements might not apply: simply use code '5' in this case.*

- 1 Strongly agree
- 2 Agree
- 3 Disagree
- 4 Strongly disagree
- 5 Does not apply/unsure

*Please decide whether you agree or disagree with each statement, and write in the number that applies in the middle column of the table below. For instance, if you **disagree** with a statement you would put a "3" in the middle column.*

General support	Chosen number 1 - 5	Comments or suggestions
1. The Incentive Fund team is supportive when we seek advice or assistance		
2. The Incentive Fund team is easily contacted when we need them		
3. The information from the Incentive Fund is clear and easily understood		
4. The information and support provided by the Incentive Fund once funding was granted, has been relevant and useful		
5. The Incentive Fund team has always answered our queries effectively and efficiently		
6. The relationships between the Incentive Fund team and our organisation are as good or exceed what we had hoped		

7. The Incentive Fund staff really work with us as part of our team		
8. The Incentive Fund team are too slow in following up on our queries and requests		
<b>Funding approval and IFA signing</b>	<b>Chosen number 1 - 5</b>	<b>Comments or suggestions</b>
9. The support provided to you in preparation for the IFA signing was satisfactory		
10. The preparation of the IFA document was completed with sufficient input from us		
11. The Incentive Fund Agreement is clear and we can work according to the implementation schedule and conditions set		
<b>Project implementation – initial visits and financial training</b>	<b>Chosen number 1 - 5</b>	<b>Comments or suggestions</b>
12. We have read and understand the conditions of the IFA and our responsibilities		
13. The first visit of the Incentive Fund team after we signed the IFA was informative		
14. The first visit of the Incentive Fund team has helped us a lot with the implementation of our project		
15. The financial training was very helpful		
16. The financial reporting templates are easy to use		
17. We will need support with the level of financial reporting required by the IF		

<b>Project implementation – cross cutting issues of gender, HIV/AIDS, disability and child protection</b>	<b>Chosen number 1 - 5</b>	<b>Comments or suggestions</b>
18. The workshop on CCI issues was clear and informative		
19. We understand what is expected of us on gender issues		
20. We understand what is expected of us in issues around HIV/AIDS		
21. We understand what is expected of us in issues around people with a disability		
22. We understand what is expected of us in issues around child protection		
23. We have been able to complete the required CCI audit and identify what extra activities or services we could provide		
24. We need more training / support on cross cutting issues		
<b>Project implementation – monitoring and reporting</b>	<b>Chosen number 1 - 5</b>	<b>Comments or suggestions</b>
25. The M&E workshop training has been useful		
26. The outcome indicators for the funded project are relevant and measurable		
27. We are not very clear what is expected of us for monitoring		

28. We need more training / support on M&E		
29. The reporting requirements (monthly and quarterly) are very difficult for us		
30. The organisation is very clear on what is expected by the Incentive Fund on financial management and reporting		
31. The monthly and quarterly monitoring report templates provided by the IF are helpful		
32. Monitoring visits from the Incentive Fund are constructive and helpful		
33. We have completed gathering all the baseline data required in the IFA		
34. Overall how satisfied are you with the advice and support you have received from the Incentive Fund team so far?	1 Very satisfied 2 Fairly satisfied 3 Neither satisfied nor dissatisfied 4 Fairly dissatisfied 5 Very dissatisfied 6 No comment	
35. Please write down anything the IF team can do to increase your level of satisfaction with our service and support		

Thank you very much. If there is anything else you would like to mention please include it when you return this questionnaire. **Please add the name of your organisation below:**

Organisation: \_\_\_\_\_

### **Stakeholder feedback – March 2011**

Six of our most important key stakeholders returned the performance feedback form to the IF team. Overall these stakeholders are either very satisfied (3 of 6) or fairly satisfied (3 of 6) with the support and advice provided to date.

The IF team received 65 out of a possible 120 “Very satisfied” scores. There were 46 “Fairly satisfied” scores (46/120) and 9 scores at the “neither satisfied nor dissatisfied” level. (Tables 1-3)

The most “very satisfied” responses accrued to the following:

- quality of the discussion papers presented to the MG;
- responsiveness of the IF team to the SMG, MG or stakeholders’ requests for information; and
- the documentation for MG meetings.

The responses have shown that more attention is needed from the IF team to improving the timeliness of the provision of materials for MG meetings. This aspect will be a focus for the team, as will other areas of support where the ideal would be to lift the level of “fairly satisfied” to a “very satisfied” level.

### **Stakeholder feedback – August 2011**

Only three (3) key stakeholders returned a contractor performance questionnaires in August, making comparison of details very difficult. However most comments were positive, with 1 of the 3 saying the Incentive Fund team’s support had improved and the others agreeing it was the same as earlier in the year. Two of the three were “very Confident” that the Incentive Fund would achieve its goals: the third person said it “would depend on circumstances”.

### **Organisational feedback – March 2011**

Eleven of the 18 organisations receiving the feedback form have returned a completed to the IF team. A very high approval was obvious in the responses. The data demonstrate that the organisations are most positive about:

- the If response and support when organisations seek advice or assistance;
- the professionalism of the team members conducting the organisational assessment, and the planning around the OA visit to the organisation;
- IF team answers questions effectively and efficiently;
- the IF team relationship with the organisations; and
- the fairness and clarity of the four-stage selection process.

Two thirds (67%) have rated the support from the IF team at a very high level, and most of the remainder are also happy with the IF team. Some areas for increased attention on the part of the IF are as follows:

- the IF information book coverage of “all the things an organisation needs to know”, and the clarity of this;
- the clarity of the information in the Concept Proposal;
- the feedback during the OA being helpful for developing the DP; and
- the early contact from the IF team as an organisations started to prepare a Detailed Proposal.

The information book and the templates have been updated and it is hoped that this will address the issues of clarity and coverage of IF information. However, it is clear also that some organisations may require earlier or more regular support in the period during which they are preparing their DP.

### **Organisational feedback August-September 2011**

Fourteen people from 9 of the 11 funded organisations returned a full questionnaire. Currently PAU is outstanding, and Marianville’s questions did not include those listed below since it was at the start-up phase.

Overall, organisations are satisfied with our performance to date.

**Table 16: Overall satisfaction with Incentive Fund support**

	Feb-11	Aug-11
	n=11	n=14
Very satisfied	7	7
Fairly satisfied		5
Neither/nor		
Fairly dissatisfied		
Very dissatisfied		
N/answer	4	2



## Annex 10

### **Risk Management Plan**

**Table 17: June-December 2010 key risks and management strategies**

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	<p>The Incentive Fund team will continue to build on established relationships to encourage open and frank discussions and agreements on roles, responsibilities and timelines.</p> <p>The MC will provide timely, targeted comprehensive briefings, awareness workshops and relevant materials to AusAID, DNPM and sectors.</p> <p>The Incentive Fund team will provide timely and effective initial gateway criteria assessments of concept proposals for DNPM and AusAID development priority screening.</p>	<p>AusAID has increased 2011-2012 financial year budget allocation to AUD 18m</p> <p>Responsibility: AusAID and DNPM</p>
Insufficient numbers of technical specialists to conduct organisational assessments and support development of concept proposals to detailed proposals	L	M	<p>Utilise the Incentive Fund team with experience, contacts and networks with NGO, CSO, private sector and key institutions to facilitate the Organisational Assessment process.</p> <p>Use a range of contractual arrangements as necessary.</p> <p>Increase development specialist team</p>	<p>Incentive Fund</p> <p>Did not occur</p>
Security or political disruption	M	H April-July M	<p>Close monitoring through Coffey in-country Support Office.</p> <p>Recommend organisations adopt a 'staged' or phased approach, complemented by an implementation risk management strategy under the Incentive Fund Agreements special conditions clause.</p> <p>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.</p>	<p>Incentive Fund</p> <p>Did not occur.</p> <p>An issue for 2012 with the general election in June</p>
Difficulty maintaining stakeholder relationships	L	H	<p>The Incentive Fund Program Manager and Deputy will maintain regular contact and on-going liaison with AusAID, DNPM and other key stakeholders.</p> <p>Internal stakeholder</p>	<p>Incentive Fund</p> <p>Relationships are being maintained at a very positive level</p>

			<p>communication protocols and operating guidelines will be monitored and updated.</p> <p>Targeted and regular information sessions/workshops will be held with other sector programs and relevant partners.</p> <p>The Incentive Fund will be responsible for the day-to-day relationships with funded organisations.</p>	
HIV/AIDS, gender, disability, child protection and environment (CCI) not adequately addressed in concept proposals	M	M	<p>All Incentive Fund key documents updated, including appraisal, selection and approval criteria and procedures manuals and templates, to include CCI.</p> <p>MG to have regular updates/briefings.</p> <p>Cross-cutting issues to be a key activity in all awareness and information workshops.</p> <p>Identify organisations likely to need capacity building in these areas, assist in developing policies and monitor organisations closely to ensure policies are being implemented.</p> <p>Ensure all cross-cutting and social inclusion issues are covered in the IFA.</p> <p>CCI Lead agency taking lead role to support INCENTIVE FUND through establishment of CCI core advisory committee</p>	<p>Incentive Fund Organisation use Incentive Fund template which includes questions on social inclusion issues.</p> <p>During 2011 Incentive Fund focus has been on informing organisations invited to prepare Detailed Proposals, on the need for an audit of current activities and services in social inclusion,</p>
Poor engagement of organisations in development of monitoring and evaluation framework and activities including baseline measure	L	M	<p>Included as a key activity in the initial awareness and information workshops and regularly in future.</p> <p>Ensure monitoring and evaluation capacity identified in the organisational assessment.</p> <p>Establish baseline data.</p> <p>Undertake effective experiential learning with organisations, including engendering management support for M&amp;E.</p> <p>Assist organisations in identifying baseline information and simple, clear indicators and processes for early monitoring.</p> <p>Make M&amp;E an IFA condition for quarterly funding replenishment for ongoing programs.</p>	<p>Incentive Fund</p> <p>Some organisations having more difficulties than others: Incentive Fund team has simplified initial workshop materials to encourage greater participation</p>

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 team. The IF team will use its industry networks for additional personnel if and when required	Incentive Fund Has not occurred
Insufficient competent building contractors to undertake infrastructure works	M	H (LNG project)	The IF team have compiled a database of small to medium sized contractors willing and able to provide construction services in various provinces. 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 Has not occurred
Construction 'Boom' in PNG causes shortage and spiralling costs of labour and materials	M	H	The IF 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 Has not occurred
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 IF 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 Has not occurred
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 the IF financial controls and reporting requirements including fraud control guidelines will be discussed during the training.	Incentive Fund Has not occurred

			<p>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 IF funds and to minimise any occurrence of fraud and corruption. Also ongoing financial monitoring of projects will be done.</p> <p>The IFA includes an authority to the respective financial institution to freeze the project sub-Imprest Account upon notification by the IF.</p> <p>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.</p>	
Exchange rate fluctuation risks (drop in the PNG Kina exchange rate against major currencies) for funded organisations especially for supplies sought outside PNG	M	H	<p>All projects will be costed in PNG Kina. The MC has infrastructure specialists and relevant industry knowledge to carefully review IFA costings 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.</p>	Incentive Fund PNG Maritime Collge has benefitted by improved Kina exchange rates.
<b>Completion issues for 2012</b>				
Not enough CP to ensure adequate pipeline to expend all IF funding	L	H	<p>IF team continually monitors pipeline and ensure timely recommendations to SMG and MG.</p> <p>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</p>	Incentive Fund Management Group Has not occurred
Funded organisations face delays in implementation of projects beyond IF completion dates	M	H	<p>IF team keeps close scrutiny on project implementation and identifies risks at earliest possible moment. IF team site visits to ensure organisations fully supported to achieve completion according to schedule</p>	Incentive Fund Some delays experienced, but no threat of this occurring.

# Annex 11

**Social Research Projects 2012**

After discussion of a social research update the Management Group meeting (#10) the Management Group decided that the first social research project would be carried out on the IF program design and in particular, the ‘incentive’ element; and following that, on the impact of the Mount Hagen market. The matrix below provides the timetable for these two projects. It will be the responsibility of the Incentive Fund M&E consultant to prepare all TOR/RFT documents according to the schedule (ie May/June 2013). This timing will ensure that the projects commence after the general election.

<sup>1</sup> **The “incentive”** is in the opportunity for PNG service delivery organisations to expand their ability to “do their job’ and then become eligible to access the significant resources available under the IF. The ‘incentive’ is the encouragement for well-performing organisations and those with capabilities that seriously aspire to do better. Only organisations that are already capable or can demonstrate that they can expand their development impacts are eligible. (From IF(III) RFT 21 November 2009)

Area	Research question	Research activity	Source	Researcher	Timing
IF program design	Does the IF design really help organisations become more effective and efficient?  What is the role of the ‘incentive’ and how does this influence decisions to improve management and to propose a development-focussed project?	Desk research  Field research with selected organisations	“Lessons Learnt” report APNGIF Evaluations  Interviews with selected APNGIF organisations  Interviews with IF organisations  Interviews with IF organisations completing OA but not invited to DP stage	Consultancy	ToR/RFT May 2012 Tenders June 2012 Fieldwork Aug-Sept 12 Report October 2012
Mt Hagen market -	What are the requirements for and barriers to sustainable high quality market management?  What is the longer term impact of the market on agriculture models in Mt Hagen?  What if any improvements in collaboration have the market prompted between agricultural NGO/ organisations?  Does the market continue to have positive impact on urban women, street youth?	Desk research Site visit Market management, key stakeholder and sector interviews	APNGIF evaluation Inspection of market  Interviews with Provincial Agriculture, farmers, wholesalers, market sellers.  Interviews with LLG, past and present market managers/staff and with Agriculture NGO and/or agencies (Allele, Vegemark etc)	Consultancy	ToR/RFT June 2012 Tenders July 2012 Fieldwork Aug-Sept 12 Report October 2012



# Annex 12

## **Personnel**

Position	Name	Scheduled inputs* to 30 June 2014	Status as of December 2011
<b>Program Manager</b>	Paul Constable	49 months	Fully operational
<b>Deputy Program Manager</b>	Justice Gua	49 months	Fully operational
<b>Development Specialists: Construction and Procurement</b>	Hassan Romaso Lincoln Sauwa	42 months each	Fully operational
<b>Development Specialist : Organisational Development</b>	Josephine Gena	49 months	Fully operational
<b>Development Specialist: Performance Management, M&amp;E and Research</b>	Jenny Rush	49 months	Fully operational
<b>Financial Specialist</b>	Lisania Boletu	49 months	Fully operational
<b>Accountant</b>	Vacant	49months	
<b>Finance Officer 1</b>	Noelyn James	49 months	Fully operational
<b>Finance Officer 2</b>	Tina Tanimia	49 months	Fully operational
<b>Administration and Logistics Officer</b>	Elise Marjen	49 months	Fully operational
<b>Program Support 1</b>	Kathleen Tokikivila	49 months	Fully operational
<b>Program Support 2</b>	Elizabeth Aine	49 months	Fully operational
<b>Receptionist/Administration Assistant</b>	Elise Yapen	49 months	Fully operational
<b>Driver/Office Assistant</b>	Benson Efi	49 months	Fully operational
<b>Office Assistant/Cleaner</b>	Esther Oruba	49 months	Fully operational
<b>Short Term Advisers</b>	Steve Nicholls	25 days	Mobilised

#### COFFEY SUPPORT

Position	Name
<b>Project Manager</b>	Anne Stasinowsky
<b>Contractor Representative</b>	Rosemary Green
<b>Country Manager - PNG</b>	Rosemary Green

## Annex 13

### **Milestone Schedule 2010 – 2014**

Number	Description and Verification	Due date	Status
1	Final Mobilisation Plan accepted by AusAID	10 July 2010	Completed
2	June – December 2010 First Annual Plan accepted by Management Group (MG)	10 August 2010	Completed
3	Quarterly Report (1 June 2010 – 30 Sept 2010) accepted by AusAID	1 November 2010	Completed
4	Annual Report (1 June 2010 – 31 Dec 2010) accepted by AusAID	1 February 2011	Completed
5	Second Annual Plan (1 Jan 2011 – 31 Dec 2011) accepted by MG	1 February 2011	Completed
6	Quarterly Report (1 Jan 2011 – 31 March 2011) accepted by AusAID	1 May 2011	Completed
7	Six Monthly Report (1 Jan 2011 – 30 June 2011) accepted by AusAID	1 August 2011	Completed
8	Quarterly Report (1 July 2011 – 30 Sept 2011) accepted by AusAID	1 November 2011	Completed
9	Annual Report (1 Jan 2011 – 31 Dec 2011) accepted by AusAID	1 February 2012	This document
10	Annual Plan (1 Jan 2012 – 30 Dec 2012) accepted by MG	1 February 2012	Completed
11	Quarterly Report (1 Jan 2012 – 31 March 2012) accepted by AusAID	1 May 2012	
12	Six monthly Report (1 Jan 2012 – 30 June 2012) accepted by AusAID	1 August 2012	
13	Quarterly Report (1 July 2012 – 30 Sept 2012) accepted by AusAID	1 November 2012	
14	Annual Report (1 Jan 2012 – 30 Dec 2012) accepted by AusAID	1 March 2013	
15	Annual Plan (1 Jan 2013 – 30 June 2014) accepted by MG	1 March 2013	
16	Quarterly Report (1 Jan 2013 – 31 March 2013) accepted by AusAID	1 May 2013	
17	Six Monthly Report (1 Jan 2013 – 30 June 2013) accepted by AusAID	1 August 2013	
18	Quarterly Report (1 July 2013 – 30 Sept 2013) accepted by AusAID	1 November 2013	
19	Annual Report (1 Jan 2013 – 31 Dec 2013) accepted by AusAID	1 February 2014	
20	Completion Report accepted by AusAID	1 June 2014	