

The Incentive Fund Independent Progress Report

Final

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November 2012

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Acronyms

APNGIF	Australia Papua New Guinea Incentive Fund
AUD	Australian dollar
AusAID	Australian Agency for International Development
BPNG	Bank of PNG
CBO	Community Based Organisation
CCI	Cross-cutting issues
CDS	Community Development Scheme
Coffey	Coffey International Development
CP	Concept proposal
CSO	Civil Society Organisations
CSTB	Central Supply and Tenders Board
DNPM	Department of National Planning and Monitoring
DPM	Deputy Program Manager, Incentive Fund
DP	Detailed Proposal
FBO	Faith Based Organisations
GoA	Government of Australia
GoPNG	Government of Papua New Guinea
GST	Goods and Services Tax
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IEA	Initial Environmental Assessment
IF	Incentive Fund 2010-2014
IFA	Incentive Fund Agreement
IFO	Incentive Fund office (Level 2, Ela Beach Tower)
IFT	Incentive Fund team
IPA	Investment Promotion Authority
IRC	Internal Revenue Commission
IRT	Independent Review Team
IT	Information Technology
KPI	Key Performance Indicators
MC	Managing Contractor (Coffey International Development)
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MG	Management Group
MIS	Management Information System
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MTDP	Medium Term Development Plan
NCW	National Council of Women
NDoE	National Department of Education

NDoH	National Department of Health
NGO	Non-Government Organisation
OA	Organisational Assessment
ODW	Office of Development for Women
PDA	Partnership for Development Agreement
PDD	Project Design Document
PF(M)A	Public Finance (Management) Act,1995
PGK	Papua New Guinea Kina
PLGP	Provincial and Local Government Program
PM	Program Manager, Incentive Fund
PNG	Papua New Guinea
PNGDSP	Papua New Guinea Development Strategic Plan
PSTB	Provincial Supply and Tenders Board
QPR	Quarterly Progress Report
RBA	Reserve Bank of Australia
SMG	Sub-Management Group
SNS	Sub-National Strategy
SPSN	Strongim Pipol Strongin Nesen
TOR	Terms of Reference

Executive Summary

(1) Introduction

The Incentive Fund is a nationally recognised program with high profile and a track record for delivering tangible outputs aligned with the development priorities of the GoPNG and the GoA. Since its inception in 2000, and through to the conclusion of its current phase in June 2014, it will have delivered essential infrastructure and services in 19 provinces to the value of K366.4 million.

The focus of activities supported has been refined over time. Vocational and agricultural training and livelihood development activities have been supported in past phases. Support for feeder roads and a bridge was also provided, but this focus was discontinued. Under Phase 3, the principal activities supported have been in the education and health sectors. Now in its third phase (2010-2014) the Incentive Fund:

- a. **Is well managed**, and making good progress toward achieving its goal of '*delivering significant and immediately tangible development for men, women and children*'
- b. **Is an effective form of an alternative aid delivery mechanism** which:
 - **works directly with GoPNG agencies and service delivery partners** to build their capacity to develop and manage infrastructure projects (staff houses, dormitories, classrooms, hospitals, clinics, specialist facilities and utilities) in support of maintaining and expanding essential health and education services in rural and urban areas throughout PNG.
 - **guarantees cash flow** to project partners to enable them to complete their projects while minimising **fiduciary risk** through the rigorous management of Imprest and sub-Imprest accounts.
- c. **Is an important source of supplementary revenue for faith-based service providers** to complement provincial and national government revenues which are often difficult to access through the GoPNG planning and budgetary system.
- d. **Has continued to consolidate and develop efficient and effective project cycle management systems and governance principles** which have direct relevance to the GoPNG Public Investment Program (PIP) which, while allocating significant revenue for basic infrastructure and services each year, is continually frustrated by issues of cash flow, poor project management and governance.

(2) Monitoring and Evaluating Progress and Performance

At this stage, because projects were developed and approved in three batches. (January 2011, December 2011 and June 2012) and variously take between 12-24 months to construct and commission, the contribution of the IF is principally measurable at a project output level (numbers of classrooms, dormitories and wards completed, the increase in high school and university enrolments, increased inpatient and outpatient capacity). Annex 6 itemises the principal outputs which will be delivered by the end of Phase 3. These deliverables represent a significant addition to education and health services in the districts and provinces in which the projects are located.

Under the IF M&E framework (MEF), **outcomes** are defined at both the project (Annex 5) and at the health and education sector program levels (Annex 6). While baseline data in support of these project and program outcomes is specified in each Incentive Fund Agreement (IFA) it is still in the process of being collected. As described in the MEF in section 2.6 the MC does not anticipate that project and program outcome level analysis will be possible until the closing stages of the Phase 3 and, more appropriately, during ex-post evaluation. As of September 2012 only one project, the PNG Maritime College, had been completed.

On the issue of monitoring and evaluating program outcomes the Review Team notes, whereas at the project level, it is possible to directly attribute IF interventions to institutional outcomes such as the reduction of overcrowding in dormitories and improved staff and student satisfaction with amenities, care needs to be taken in attributing these interventions to the occurrence of more broad-based program outcomes such as improved educational achievement and reduced morbidity and mortality as flagged in the performance indicators in Annex 6.

The Review Team believes that while the Incentive Fund has and can continue to make a valuable contribution to service delivery through timely and rapid response to priority infrastructure needs and improving the capacity of funded organisations to manage the development of this infrastructure, the IF interventions can only be described as part contribution to the wider 'whole of service' development initiatives, being undertaken by these organisations. In summary, the construction of dormitories at Divine Word University does not in itself improve student academic performance but should be recorded and acknowledged as one of a series of factors, including good teaching instruction and a disciplined and well managed administration, which contributes to academic performance.

The issue of the IF contribution to national level program objectives is taken up in more detail in the discussion on Monitoring and Evaluation (Section 2.6).

(3) Risk

While the MC is confident of completing and commissioning all projects by June 2014 in accordance with the approved agreements, the Team Leader noted that any rationalisation of the IF budget by AusAID in support of other priorities could seriously impact on the completion of the most recent batch of projects. The Review Team notes that the MC has already entered into contractual arrangements to mobilise the remaining 19 projects and any shortfall in the approved IF budget would require rationalisation of the project portfolio and contract renegotiation.

To this end the Review Team recommends that the MC engage with AusAID to determine whether there is any risk to the remaining IF budget and on the basis of this assessment prepare a contingency plan which can respond to reduced funding.

(4) Principal Recommendations

Recommendation I: That the Managing Contractor;

- a. Continue to capture process-orientated results as they emerge through consolidating reporting in the Quarterly and Annual Reports.
- b. Should prepare a consolidated analysis in the 2012 Annual Report which details progress by each of the funded organisations in collating and analysing the baseline data as specified in their Incentive Fund Agreements. In the light of this analysis, the MC should

assess whether any changes need to be made to the specification of project and program outcomes and update the Monitoring and Evaluation Framework accordingly.

- c. Supplement Quarterly process reporting with the documentation of case studies of selected projects to be annexed to the Annual Reports.
- d. Seek to align IF monitoring and evaluation reporting with the statements in the national health and education sector program covering development goals and key result areas.
- e. Consult with AusAID on the options for securing more resources for M&E

Recommendation II: That the GoPNG, through the Departments of National Planning and Monitoring (DNPM) and Provincial and Local Government Affairs (DPLGA), and the GoA through AusAID, collaborate in the development of a Joint Concept Paper which draws upon the findings and recommendations of this report and explores the issues and options for another phase of the Incentive Fund post June 2014 which:

- a. Is formulated around a theory of change which uses the notion of ‘social infrastructure’ as an entry point for:
 - improving public infrastructure and service delivery and organisational capacity development; and
 - addressing issues of community development and social inclusion.
- b. Retains the aid modality through the use of ‘incentives’ and rewards.
- c. Retains the Incentive Fund brand name.
- d. Retains the Incentive Fund 2008 principles (as recommended in Section 3.2 of this report) which underpin the phase 3 design framework.
- e. Continues to provide assistance to well performing government and non-government organisations (faith-based, civil society and the private sector) under the current incentive based principles but with wider collaboration with the GoPNG Health and Education Sector Programs and their donor partners.
- f. Develops a supplementary program, in collaboration with the Provincial Performance Improvement Initiative (PPII) and its donor partners which extends project management capacity building support for infrastructure development to selected provinces and districts as identified by DNPM, DPLGA and AusAID using appropriate incentive based selection criteria.
- g. Maintains the use of Imprest Account as it has proven to be an efficient mechanism for facilitating cash flow and managing fiduciary risk.
- h. The scope for developing an activity within the PNG–Australia Partnership for Development which facilitates the graduation of IF partners from project to program funding in support of sustainability be tabled as an agenda item in the development of the proposed IF concept paper.

Recommendation III: That there is a seamless transition between the completion of Phase 3 in June 2014 and the start of a new program. To achieve this:

- a. an IF Concept Paper should be developed in the first quarter of 2013 and, subject to its findings and recommendations;
- b. a design process should commence immediately and be completed by December 2013 along with a Scope of Services for the next Phase of assistance.

This action would provide DNPM, DPLGA and AusAID with ample time to develop the concept, appraise the design (March-December 2013) and supervise a tender and contractor selection process (January-June 2014) which would allow for the appointment of a Managing Contractor for the next phase of the IF partnership post June 2014.

Recommendation IV: That the Phase 3 experience and learning be documented in a project completion report to inform the development of the next phase

1. Introduction

1.1 Background

The background and development rationale for the Incentive Fund is well documented in the Incentive Fund Phase 3 Project Design Document (September 2008). The following discussion draws from this analysis.

During the 1999 Development Cooperation Treaty (DCT) negotiations between the Government of Australia (GoA) and the Papua New Guinean Government (GoPNG), it was agreed that Australia's development cooperation program would include jointly programmed assistance to be known as the Australia - Papua New Guinea Incentive Fund (APNGIF).

The DCT was formulated at a time when there was strong interest in improving the performance and accountability of government organisations in the provision of public infrastructure and the delivery of social services. The GoPNG called for greater involvement and participation of Papua New Guinea public and private¹ sector organizations in Australian aid delivery and management. At the same time, Australia sought to increase the efficiency and effectiveness of the aid program through developing an alternative delivery mode, in part, by increasing the level of contestability in the program, strengthening performance measurement, and linking funding decisions more closely to performance. The intent was that should the alternative mechanism prove successful, the amount of funds allocated to it would be increased.

The APNGIF was designed to provide funds directly to both private and public sector organisations that were efficient and accountable. The emphasis was on getting measurable results, by targeting good organisations with good project proposals. Funding PNG's best organisations was not only intended to reward their excellence in service delivery, but also to provide an incentive to other organisations to improve their performance (so they too could seek funding).

Under the DCT the APNGIF was to be mobilised through Program and Policy streams:

- The Program stream was to fund proposals from PNG organisations that could demonstrate excellent service delivery and financial accountability.
- The Policy stream sought to encourage and reward organisations, particularly provincial government, to implement major GoPNG development policies in sectors that reflect the longer-term goals of the GoPNG and the Australian aid program. It was envisaged that the Policy component would comprise a significant portion of the IF, about one-third of expenditure at the outset, and progressively increasing to about one-half of IF expenditure if implementation proceeded well.

1.1.1 APNGIF Reviews

The APNGIF was the subject of reviews in 2002, 2004 and early 2007. The following discussion focuses on the outcomes of the 2002 and 2007 reviews.

¹ Private sector was broadly defined to mean private corporate entities, faith-based organizations, non-government organizations and community-based organizations.

(a) The 2002 Review²

While acknowledging that the Program stream appeared to be achieving its objectives and proceeding satisfactorily in seeking to reward organisations that have good governance and a successful track record in implementing development projects, the 2002 Review called for **‘rebalancing and streamlining’** of the IF to bring it into better alignment with the development priorities of the PNG and Australian Governments.

It noted many of the activities supported by the IF did not meet the core development objectives of the AusAID Development Cooperation Program and that the emphasis on capital investments of infrastructure and the funding of elite organisations should be balanced with new projects that assist in meeting the urgent economic and social needs of the vulnerable poor. The Review argued that scope of the IF should be broadened to:

- Target the maintenance and improvement of basic service delivery and income generation activities, particularly in rural areas.
- Foster, applications from worthy Australian and local NGOs and local Governments that do not have the resources and track record to meet the present high standards of eligibility for Awards but which could support “excellence” and foster improved performance.

The 2002 Review also deleted the ‘Policy Stream’ component of the IF noting the IF selection criteria excluded many of the organisations dealing with governance issues associated with the development of civil society and the improvement of provincial governments and their administrations.

In sum, the 2002 review questioned the development philosophy and approach that underpinned the original intent of the Incentive Fund. However, rather than realigning the IF with the 2002 Review recommendations, the GoPNG and GoA chose to:

- continue to restrict the focus of the IF to well performing organisations; but
- agreed to enter into dialogue for the development of more broad-based programs which sought to address civil society and provincial government issues through the GoPNG Provincial Performance Improvement Initiative (PPII) and the AusAID Sub-National Strategy (now the Provincial and Local Government Program - PLGP) and Strongim Pipol Strongim Nesun (SPSN) programs.

² Keith Lingard, Independent Review Team Leader, *Mid Term Review – Final Report*, 17 December 2002, (2002 Review)

(b) The 2007 Review³

In response to the 2002 and subsequent reviews, the 2007 Review Team sought to better define the principles around which the IF should be developed in any future phase. These principles proposed:

- There is value in retaining an incentive based program funding mechanism within the PNG program.
- The principles of being demand driven and flexible should continue to apply.
- Sustainability should be a key consideration in the application assessment process.
- The focus will be on good PNG organisations which are delivering services of value to people, and on further building their capacity.
- Equity in relation to the allocation and distribution of GoA aid resources is not a primary objective of the incentive based funding mechanism.
- Annual funding levels should be in the order of A\$15 million per annum (about 5% of Australian Aid the program)
- Close linkages should be developed with the Sub National Strategy (SNS) and the Provincial Performance Improvement Initiative (PPII) and other AusAID Democratic Governance programs.

Eligible organisations would continue to include provincial governments, PNG civil society organisations and non-commercial statutory authorities (e.g. hospitals, higher education institutions).

The 2007 Review also advocated that the terminology of supporting organisations of ‘excellence’ be dropped in favour of supporting ‘well performing’ organisations. It noted the APNGIF applied the incentive component by requesting proposals from organisations that could be rewarded for their ‘excellence’ but that this approach had a tendency to focus on rewarding organisations able to deliver a high standard of documentation and did not serve to truly incentivise organisations to improve their capacity to deliver.

Based on the achievements of Phase 1 and 2 in terms of contributing to priority GoPNG infrastructure and services and being an effective form of aid delivery, the 2007 Review recommended that the IF proceed to a further phase of development but with greater clarity around the principles for selecting and supporting partners and emphasis on incentivising capacity building.

(c) The Phase 3 Design

The 2007 Review findings and recommendations were adopted by the GoPNG and GoA and a Project Design Document commissioned in September 2008 for the roll out of Phase 3 in support of the following goal and purpose.

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

³ Tuckwell, Keith, *Australia PNG Incentive Fund Review Report*, AusAID, 1 February 2007 (2007 Review)

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

The PDD noted the ‘incentive’ is in the opportunity for PNG service delivery organisations to ‘lift their game’, to expand their ability to ‘do their job’ and then become eligible to access the significant resources available under the Incentive Fund. This is the incentive, the encouragement and the reward factor for those organisations that are doing well (i.e. performing) and those with capabilities who seriously aspire to do better. Only organisations that are already capable and can demonstrate that they have the capacity to expand their development impact will be eligible.

The Phase 3 PDD emphasised the need to:

(a) Improve Capacity Development

To add value to the current Australian aid program the Incentive Fund needs to be able to demonstrate that it can provide a real incentive to an organisation and its leaders to enhance the management of an organisation to deliver services against its mandate.

- Through the IF, a partner organisation should be able to demonstrate improved organisational capability and delivery of development outcomes. I.e. it performs well in its current scope and is encouraged to further improve its scope and reach by further building internal capacity;
- As a result of the improved capacity it can expand its ‘business’ resulting in improved delivery of services for all and ultimately development outcomes; and
- Other organisation will be encouraged to follow the same path with the Incentive Fund promoting self-improvement.

(b) Build on strengths and fix weaknesses

Retain the brand, consolidate and develop standard systems and procedures, strengthen the central role of the Management Group (MG), build on gender equality work and other social inclusion activities, strengthen links to sector activities and provide a transition for performing organisations.

(c) Improve the capture of outcomes

In the first two phases of the Incentive Fund the financial and physical monitoring of the projects at activity level was done well.

However, it was also recognised that while significant efforts were being applied to the verification of outputs there had been less success in documenting medium-term development results that were becoming apparent some time after the completion of the main expenditure.

Hence, monitoring and evaluation in the next phase needs to demonstrate:

- that the Incentive Fund is a viable alternative way of spending around five percent of the aid program in PNG and activities chosen are on a sufficient scale to make a meaningful impact on PNG development priorities for both men, women and children; and
- where possible, aggregate impacts, e.g. evidence of a class of organisations having improved their performance and capacity.

(d) Complement the approach to aid delivery

A further rationale for a new phase of the Incentive Fund is that it gives successful organisations across PNG, particularly service delivery organisations outside of the national government departments, access to significant funding which may not be available to them through AusAID's normal sector programs. It is part of a set of aid delivery modalities deliberately established jointly by the two governments to target improved service delivery at the sub-national level. In doing so, it provides an alternative to, and reduces the risks associated with, a concentration of most of the remainder of the AusAID program (with some exceptions) on the use of PNG systems to strengthen public sector institutions and service delivery.

1.2 IPR Objectives, Scope and Questions

The 2008 PDD recommended that periodic Independent Progress Reports (IPR) be undertaken throughout Phase 3 to assess progress and performance. This is the first IPR to be undertaken since the project was mobilised in June 2010. As per the Terms of Reference (Annex 1), the objectives of this IPR are twofold:

Objective 1: Assessment of Performance (Program, Managing Contractor and the Management Group)

- Assess the effectiveness of the Incentive Fund four stage application screening process.
- Assess the effectiveness and performance of the managing contractor with regard to day to day program management.
- Assess the effectiveness and performance of the Management Group with regard to decision making and approval of projects.
- Identify what expected development outcomes have been/will be achieved for all funded projects (as per design).

Objective 2: Incorporating lessons learnt for future design

- Set out options and recommendations on aspects such as: program management structure, duration, timing, funding level, and GoPNG co-contributions to inform development of design of a future phase (commencing July 2015).

Scope

In accordance with the Terms of Reference, the Review focuses on assessing the progress and performance of Phase 3 against AusAID's standard evaluation criteria for Independent Progress Reports as described in Table 2. These criteria are complemented by a series of supplementary questions as specified in the TOR to guide the Review Team's assessment response.

Table 2: Standard Evaluation Criteria and Focus

Evaluation Criteria	Focus
Relevance	<i>The extent to which the project activity is suited to the priorities and policies of the target group, recipient and donor?</i>

Evaluation Criteria	Focus
Effectiveness	<i>The extent to which the activity has obtained its objectives?</i>
Efficiency	<i>The extent to which the project was implemented in an efficient way with best use of the available resources.</i>
Sustainability	<i>The extent to which the project is contributing to sustainable development and can continue to do so in the future.</i>
Social Inclusion Activities	<i>The extent to which the project addresses social inclusion activities (Gender, HIV/AIDS, Child Protection, Disability and the Environment)</i>
Monitoring & Evaluation	<i>The extent to which the M&E framework captures program, project and contractor performance and realistically reflects what the intervention can achieve.</i>
Analysis & Learning	<i>The extent to which the activity is based on sound technical analysis and continuous learning.</i>

1.3 Evaluation Method

As required by the TOR, the Review Team prepared a draft Evaluation Plan for discussion with AusAID prior to undertaking consultations and fieldwork. (Annex 2). The Plan which was accepted by AusAID proposed:

- The assignment be classified as a Terminal Evaluation given the IF is approaching the end of its effective cooperation with partners.
- The scope of the review address the core focus question for each of the standard evaluation criteria as detailed in table 1 and complement the analysis as appropriate with response to the supplementary questions detailed in the TOR.
- Using the Incentive Fund Agreements as the basis for reviewing the evaluation criteria questions and documenting the interaction between the Funded Organisations and the Managing Contractor in the administration and management of the project agreements.
- Revisiting the 2008 IF principles to determine which principles have been actively pursued, whether or not they remain current and what principles might underpin any future support to an IF initiative.
- Where possible, documenting evidence of Project Management Teams which have been incentivized by the IF to improve their performance.

The Plan also noted the limitations of attempting to address outcome analysis at the project and program level at this early stage of project implementation given that only one project had been

completed and the rest were at various stages of development and yet to be commissioned. In subsequent discussion:

The Managing Contractor confirmed that it did not anticipate project and program outcome level analysis will be possible until the closing stages of the Phase 3 and, more appropriately, during ex-post evaluation. This observation prompted the Review Team to reconsider classifying the assignment as a Terminal Evaluation as the approach is more applicable to projects which, while not yet completed, are more advanced in their development.

The Review Team noted that there was very little time allocated in the schedule to discuss the options for the development of another phase of the IF with either AusAID or DNPM and that, during the mission, senior management within both organisations was preoccupied with high level discussion on the aid relationship.

1.4 Review Team

The Review Team comprised Dr Gary Simpson (Team Leader) and Kingsley Lore (Team Member). Kanu Negi (First Secretary Program Coordination and the Incentive Fund) & Belinda-Maree Gara (Incentive Fund Activity Manager) represented AusAID throughout the assignment. The Managing Contractor was represented by Paul Constable (Program Manager) and Justice Gua (Deputy Program Manager).

Field work for this assignment was undertaken in PNG from September 10 to October 5. During this period key meetings were arranged in Port Moresby with AusAID, the Managing Contractor, the Department of National Planning and Monitoring (DNPM) and the Department for Community Development (DfCD). The Itinerary and Persons met is detailed as Annex 3.

Site visits were undertaken to:

- **Mt Hagen** - (Notre Dame Secondary School, Mt Hagen Technical College, Fatima Health Centre, Kudjip Nazarene Hospital);
- **Alotau** – where discussion were held with funded organisation representatives (Alotau General Hospital, Santa Maria Secondary School, Sideia Health Centre);
- **Pt Moresby** - (Hohola Youth Development Centre, Marianville Secondary School, Caritas Technical Secondary School, the Pacific Adventist University) and
- **Madang** - (Divine Word University, PNG Maritime College, Catholic Health Services, Madang).

In recognition of his long standing experience in the DNPM and his familiarity with the start up of the IF Mr Kingsley Lore was tasked with the preparation of notes in response to selected supplementary questions as detailed in the TOR (Refer Annex 4).

The Review Team also noted the GoPNG through the Office of the Prime Minister had also commissioned a Review of the Incentive Fund in May 2012. This review was conducted by Bill Hamblin and Jimmy Williams. Its findings and recommendations are quoted in this document.

2. Progress Report

The following analysis assesses the progress and performance of the IF in relation to its relevance, efficiency, effectiveness, and sustainability, and its contribution to social inclusion activities, its monitoring and evaluation framework, and analysis and learning. In accordance with objective 1 of the TOR this analysis contains specific reference to:

- The effectiveness of the Incentive Fund four stage application screening process (sections 2.3 and 2.4).
- The effectiveness and performance of the Managing Contractor with regard to day to day program management (section 2.3,2.5,2.6,2.7).
- The effectiveness and performance of the Management Group with regard to decision making and approval of projects (section 2.3).
- The expected development outcomes have been/will be achieved for all funded projects (section 2.2 and 2.6 and Annexes 5-6).

Discussion on TOR Objective 2 ‘Incorporating the lessons learnt for future design’ is dealt with in Section 3.

(a) Approval and Scheduling of Projects

Since the start of the Phase 3 in June 2010 the IF has received 226 concept proposals and by June 2012, after processing through its 4 stage submission and approval cycle, had approved 20 projects valued at K124 million (refer Annex 5). These projects were approved in three batches- early 2011, December 2011 and the final batch in June 2012. The current MC timetable allows 18 months to complete construction of all projects from June 2012 and a further 6 months to wind up the program and completion reporting process by June 2014.

(b) Summary of Findings

Table 3 summarises the Design Team’s principal findings and recommendations with respect to current progress and performance of the IF for each of the standard evaluation criteria.

Evaluation Criteria Focus	Findings	Recommendations
Relevance <i>The extent to which the project activity is suited to the priorities and policies of the target group, recipient and donor</i>	<p>The Incentive fund is well suited to the priorities and policies of the target group, recipient and donor.</p> <p>The Incentive Fund and its guiding principles and project management systems and procedures are highly relevant to the improvement of (a) public infrastructure and service delivery in PNG and (b) to GoA aid effectiveness in contributing to this objective.</p> <p>While the Fund is a successful programme with much to offer in terms of its project management and governance procedures:</p> <ul style="list-style-type: none"> its services are not available to organisations which do not have a good track record in service delivery and financial management (but which genuinely aspire to do better); and it is at present not linked to any other major GoPNG or GoA development program supporting public infrastructure and service delivery at the national or sub-national level (the PIP, AusAID Health and Education Sector Programs, the SPSN or the PLGP). 	<p>The next steps should be to facilitate policy and program dialogue between the GoPNG and AusAID through the preparation of a Concept Paper (refer Section 3) to decide what to do with a facility that:</p> <p>1/is working well;</p> <p>2/ has high relevance to the Australian Aid effectiveness as it delivers directly through GoPNG service providers while enhancing their project management capacity; and</p> <p>3/has established project management systems and procedures which are in short supply in the principal government agencies (Provincial Governments and National Departments) responsible for delivering the bulk of public infrastructure and services to the people of Papua New Guinea.</p>
Effectiveness <i>The extent to which the activity has obtained its objectives?</i>	<p><i>Phase 3 is on its way to achieving its objectives but at this stage progress is principally measured in terms of contractible outputs as per the Incentive Fund Agreements.</i></p> <p>The Goal is ‘to deliver significant and immediately tangible economic and/or social development outcomes for men, women and children’ and the Purpose to ‘strengthen and reward performing Papua New Guinean organisations capable of delivering high impact development activities’.</p>	<p>1/The MC should prepare a consolidated analysis in the 2012 Annual Report which details progress in the collation and analysis of the baseline data specified in each Incentive Fund Agreement. In the light of this analysis, the MC should assess whether any changes need to be</p>

Evaluation Criteria Focus	Findings	Recommendations
	<p>At this stage, because projects were developed and approved in three batches. (January 2011, December 2011 and June 2012) and variously take between 12-24 months to construct and commission, the contribution of the IF is principally measurable at a project output level</p> <p>While project and program outcomes are defined at both the project and at the health and education sector program levels baseline data is still in the process of being collected and the MC does not anticipate that project and program outcome level analysis will be possible until the closing stages of the Phase 3 and, more appropriately, during ex-post evaluation. As of September 2012 only one project, the PNG Maritime College, had been completed.</p>	made to the specification of project and program outcomes and update the Monitoring and Evaluation Framework accordingly.
Efficiency <i>The extent to which the project was implemented in an efficient way with best use of the available resources.</i>	<p>The project is being implemented efficiently.</p> <p>The MC is an efficient program and financial manager and is able to draw upon a range of project cycle management systems and procedures and progressive learning developed during phases 1 and 2 and consolidated during phase 3. Of particular note is the efficiency of the:</p> <ul style="list-style-type: none"> • Four stage application and approval process which expedites the process of PCM • Management Group which guides the MC on policy and program issues and deals promptly with business arising • Management of the Imprest Account which disburses and acquits funds in a timely manner. 	1/If a decision is made to continue to support 'well performing organisations' in any future phase of the IF, the Imprest Account should be maintained as the principal financial management mechanism to facilitate cash flow to funded organisations and manage fiduciary risk.
Sustainability <i>The extent to which the project is contributing to sustainable development and can continue to do so in</i>	<p><i>The project is contributing to sustainable development. However, sustainability of project facilities will always remain an issue.</i></p> <p>Good education and health are essential for sustainable livelihood. The IF supports health and education service providers expand and improve their services in urban and rural areas.</p> <p>All institutions have to face the challenge of how they are going to maintain</p>	1/The Review Team recommends that the scope for developing an activity within the PNG–Australia Partnership for Development which facilitates the graduation of IF partners from project to program funding be tabled as an agenda item in the development of the proposed

Evaluation Criteria Focus	Findings	Recommendations
<i>the future.</i>	<p>and/or replace aging infrastructure whether it is provided by the IF or another source.</p> <p>The long term sustainability of infrastructure and service provision within an institution requires a shift from project planning to program planning and budgeting and the development of a medium term revenue and expenditure plan underpinned by a combination of fee for service and recurrent and development budget grants as provided by provincial and national government and other development partners.</p> <p>Under the present contractual arrangement the IF is primarily focussed on project planning and does not have the resources to assist its partners under the current design to pursue program planning issues at the wider institutional level.</p>	<p>IF concept paper (refer section 3.3).</p> <p>2/Discussion should focus on how this transition might be achieved. I.e. whether the Incentive Fund should have the mandate and capacity to offer project as well as program support or whether program support would be best provided by other initiatives such as the GoPNG/GoA health and education sector programs.</p>
<p>Social Inclusion Activities</p> <p><i>The extent to which the project addresses social inclusion activities (gender, HIV/AIDS, child protection, disability and the environment.</i></p>	<p><i>The IF supports health and education services which are at the forefront of addressing social inclusion activities (also referred to as cross cutting issues or CCI).</i></p> <p>Under the IF, social inclusion activities are being practically applied in the development of institution infrastructure with detailed attention being given to the special needs of women, children and people with a disability, the privacy students and patients, and to improving the physical environment surrounding the facilities through landscaping and ensuring there is adequate drainage and waste disposal.</p>	<p>1/The Managing Contractor should continue to capture CCI process-oriented results as they emerge through consolidating reporting in the Quarterly and Annual Reports.</p>
<p>Monitoring & Evaluation</p> <p><i>The extent to which the M&E framework captures program, project and contractor performance and</i></p>	<p><i>The M&E framework captures program, project and contractor performance. However, care needs to be taken in attributing IF project interventions to the occurrence of more broad-based national sector program outcomes such as improved educational achievement and reduced morbidity and mortality as flagged in the desired project and program outcomes (Annex 6).</i></p> <p>1/Good progress has been made in introducing systems and procedures which capture project progress and performance (through monthly and quarterly activity and financial reporting systems).</p>	<p>The Managing Contractor should:</p> <p>1/Continue to capture process-orientated results as they emerge through consolidating reporting in the Quarterly and Annual Reports.</p> <p>2/Supplement QPR process reporting with</p>

Evaluation Criteria Focus	Findings	Recommendations
<i>realistically reflects what the intervention can achieve.</i>	<p>2/Measures of program progress and performance are still under development and the MC does not anticipate that aggregate impact assessment in relation to GoPNG Goals and Millennium Development Goals will be possible until sometime after completion of Phase III.</p> <p>3/There is regular feedback from the Management Group and Funded Organisation responses to the contractor performance questionnaire. The MC performance is rated as satisfactory</p> <p>The Office of Development Effectiveness (ODE) Report (April 2012) urged the IF to be more proactive in conceptualising, measuring and reporting against intermediate results as the program is implemented. It argued, unlike conventional infrastructure projects which see most results as long term improvements in service delivery, it is necessary for social infrastructure projects such as the IF to capture important process-orientated results such as improved project management capacity of the organisation and CCI, as they emerge.</p> <p>The Review Team notes that the MC is already referencing IF process orientated results particularly CCI in its Quarterly Progress Reports (QPR) and its Quarterly Project Summaries (refer Annex 5).</p>	<p>the documentation of case studies of selected projects to be annexed to the Annual Reports.</p> <p>3/Seek to align IF monitoring and evaluation reporting with the statements in the national health and education sector program covering development goals and key result areas.</p> <p>4/Consult with AusAID on the options for of securing more resources for M&E.</p>
<p>Analysis & Learning</p> <p><i>The extent to which the activity is based on sound technical analysis and continuous learning.</i></p>	<p><i>The activity is based on sound technical analysis and continuous learning</i></p> <p>A key strength of the IF is that it has an experienced team of advisers who have a sound understanding of the technical and administrative requirements for the mobilisation and completion of public infrastructure projects in PNG. Since its inception in 2000 the IF has been able to consolidate and develop its systems and procedures from its progressive learning throughout Phases 1 and 2. This learning continues to be complemented by the Phase 3 M&E framework which provides a proactive platform for the interaction between the funded organisations, their contractors and the IF (MC).</p> <p>The TOR posed a number of supplementary questions under the criteria of analysis and learning which are mainly to do with next steps.</p>	<p>1/The Phase 3 analysis and learning continues to be documented in the Annual Reports and is consolidated in the MC end of project completion report</p>

<i>Evaluation Criteria Focus</i>	<i>Findings</i>	<i>Recommendations</i>
	<ol style="list-style-type: none"> 1. What changes/improvements can be made to the program for the future phase i.e. what are the lessons learnt and how to incorporate and disseminate learning among stakeholders in future phase? 2. How can lessons and recommendations from the Office of Development Effectiveness report on the Incentive Fund program be incorporated in a future phase? 3. How can we address the gap between closing of current pipeline of projects and start of the potential next phase (or if this is unavoidable, recommendations on how the process can be managed better)? 4. What would be the appropriate level of financial contribution and commitment from GoPNG? 5. What would be the ideal duration of the program vis-à-vis funding? 6. What would be the appropriate management structure for the program? <p>These questions are dealt with in section 3 Conclusion and Recommendations which focuses on the lessons learned, revisiting the IF principles and the options for future design.</p>	<p>2/The Review Team recommends the GoPNG, through the Departments of National Planning and Monitoring (DNPM) and Provincial and Local Government Affairs (DPLGA), and the GoA through AusAID, collaborate in the development of a Joint Concept Paper which draws upon the findings and recommendations of this report and explores the issues and options for another phase of the Incentive Fund post June 2014</p>

2.1 Relevance

2.1.1 *The extent to which the project activity is suited to the priorities and policies of the target group, recipient and donor.*

(a) Target Group

The Target Group for Phase 3 primarily comprises well performing health and education service providers in urban and rural areas which require core infrastructure to maintain and expand their services. The IF has high relevance for these agencies particularly, faith based organisations, as it provides a supplementary source of funding to complement provincial and national government revenues which are often difficult to access through the GoPNG planning and budget system.

All faith based organisations interviewed during the conduct of this assignment noted that while the PNG Government acknowledged their key role in the delivery of health and education services, they were primarily dependent on the Incentive Fund for major maintenance and capital works funding. Divine Word University, Pacific Adventist University and the three Secondary High Schools specialising in girl's education (Marianville, Caritas, and Notre Dame) all stated that without the Incentive Fund they would not have been able to expand their services to their current levels. They noted that while they received salary and operation support from government it was very difficult to access significant funding from government for major maintenance and capital works.

The scale and flexibility of the IF grants is also acknowledged by government partners. Vanimo and Alotau General Hospitals noted that if they had to access funding through the normal channels of government they would not have the facilities they have today.

(b) The priorities and policies of the GoPNG

The current priorities and policies of the GoPNG are articulated in its 2011-2015 Medium Term Development Plan. This plan identifies a wide range of sector initiatives which include health, education, human resource development, land administration, law and order, transport and communication, and renewable and non renewable resource development as key foundations for sustainable development.

The IF has high relevance to the GoPNG MTDP, particularly the health and education sectors, with their focus on infrastructure development and improved service delivery. While the GoPNG is allocating significant revenues for health and education infrastructure and services each year through its various PIP sponsored sector support programs, notably DSIP, it is continually frustrated by poor project management in the key areas of procurement, contracting and financial management.

Since 2000 the IF has progressively developed a set of standard procedures for Project Cycle Management (PCM) administered through a Managing Contractor working directly with service providers at sub-national level to build their project management capacity from the project concept stage through to completion. The IF Team (refer Annex 7) is itself a well performing Project Management Unit (PMU) which has much to offer public and private sector service providers.

Expanding the Focus

While the target beneficiaries of the Incentive Fund include both the public and private sector organizations, it has been noted that Phases 1-3 of the IF have principally supported private sector organizations, more specifically the faith-based agencies, because they have good governance track records and can more readily satisfy the IF selection criteria than the public sector. However, the opportunity exists to develop a component within the IF or another program which extends support to government agencies and statutory authorities at the provincial level which, while having the revenues and the mandate to deliver public infrastructure and services, experience major problems with service delivery.

Efficient and effective project management has high relevance to PNG's resource provinces and landowner entities which are now major stakeholders in the provision of public infrastructure and services through their respective mining and petroleum agreements with the State. However, many of these organisations would find it difficult to qualify for assistance under the current IF 'principles' because, while they have substantial revenues, they are poorly performing due to governance problems.

Subject to GoPNG and GoA agreement, a mechanism for providing project management assistance to less well performing organisations but which 'seriously aspire to do better' through an Incentive Fund type arrangement could be explored in the design of any future program assistance post Phase 3.

Indeed, this very issue was flagged in the initial 1999 Incentive Fund Design Document under the heading **Managed or Reduced Contestability**. The 1999 Design Team foreshadowed, in reviewing IF operations, 'that either GoPNG or GoA may consider that certain sectors, regions or types of organisation are significantly under-represented in the Fund's project portfolio and that some of the eligibility criteria may need to be waived or amended to allow these organisations to participate'.

The issue of **reinstating the Policy Stream** within the Incentive Fund to directly respond to government priorities and agencies has also been tabled in the recent GoPNG review of the Incentive Fund (Hamblin and Williams May 2012.) The authors, representing the Office of the Prime Minister, suggest that a new policy stream could incorporate funding for long-term development plans of priority government institutions and assist them transition towards well performing organisations. They also note the IF could be used by Government as a conduit to fund new infrastructure under the direct project control of the IF. I.e. the IF could use its expertise to manage infrastructure projects by sub-contracting projects and providing the necessary fiduciary oversight.

(c) The Papua New Guinea–Australia Partnership for Development and Aid Effectiveness

Papua New Guinea (PNG) and Australia signed the PNG–Australia Partnership for Development in 2008. Revised Partnership schedules were agreed at the 2011 Australia-PNG Ministerial Forum. These commit Australian and PNG support for the priority outcomes of the Partnership for Development, which are:

- Faster progress towards universal basic education and improved access to quality education at basic, secondary, technical and tertiary education levels.

- Improving health outcomes by providing assistance for PNG to vaccinate more children, increase the percentage of births supervised by skilled staff, increase the availability of essential medical supplies and improve access to treatment for HIV/AIDS.
- Improved transport infrastructure to facilitate social development and economic growth by maintaining priority national roads and boosting airport safety.
- Improved safety and justice by supporting PNG's law and justice agencies in the areas of policing, security, access to justice, reconciliation and reduced corruption.

The IF has an established track record in supporting education and health services since 2000. As an aid delivery mechanism it has been highly effective. It has a reputation for delivering projects on time and within budget, managing fiduciary risk through the use of Imprest accounts, and building capacity of PNG service providers to deliver Australian aid directly to their constituents.

2.1.2 *Supplementary TOR Questions*

1. To what extent has this phase of the Incentive Fund Program (Phase III) aligned with the development objectives outlined in both Government priorities?
2. How is Incentive Fund Program different to other AusAID grants funding in PNG such as SPSN? What is the value add? What is IF's comparative advantage over these other grants funding?
3. How relevant have the stakeholders' contributions been?
4. How relevant is the Incentive Fund four stage screening and appraisal process?
5. How relevant has the contribution of the Managing Contractor been with regards to achievements of program outcome and outputs?

Of these, the Review Team considers questions 2-4 are best addressed under the criteria of efficiency and are dealt with in section 2.3.

Question 1 'the extent to which (Phase III) is aligned with the development objectives outlined in both Government priorities is adequately covered in section 2.1.1 (b) and (c) which confirm that IF focus on health and education is well aligned to the development objectives outlined in GoPNG MTDS and The Papua New Guinea–Australia Partnership for Development.

2.2 Effectiveness

2.2.1 The extent to which the activity is achieving its objectives.

Phase 3 is on the way to achieving its (a) Goal of ‘delivering significant and immediately tangible economic and/or social development outcomes for men, women and children’ and (b) its Purpose of strengthening and rewarding performing Papua New Guinean organisations capable of delivering high impact development activities.

Delivering Significant Tangible Services and Outcomes

The Incentive fund works directly with GoPNG service providers, principally in the health and education sectors, to build their capacity to develop and manage infrastructure projects (staff houses, dormitories, classrooms, hospitals, clinics, specialist facilities and utilities) in support of maintaining and expanding essential health and education services in rural and urban areas. The scope of the 20 projects being supported under Phase 3 is detailed in Annex 5.

While only one project has been completed to date (the PNG Maritime College) the MC anticipates, subject to AusAID being able to maintain its funding commitments, that all project will be completed by June 2014

To the staff which manage these facilities and the men, women and children who utilise them to enhance their health and education, the support provided by the IF is tangible and delivered within an acceptable budget and timeframe.

‘When our project was approved we knew something is coming brightly. We knew the project is now real and we can start and finish it. (Sideia Project Management Team Alotau).

This public enthusiasm for the IF, is in stark contrast with programs appraised in the Incentive Fund Review (May 2012) which highlighted that some GoPNG PIP infrastructure programs have been so poorly managed that there is very little to show in terms of tangible outcomes and value for money.

Outputs and Outcomes

At this stage, the contribution of the IF is principally measurable at a project **output level** (numbers of classrooms, dormitories and wards completed, the increase in high school and university enrolments, increased inpatient and outpatient capacity). Annex 6 itemises the principal outputs which will be delivered by the end of Phase 3. These deliverables represent a significant addition to education and health services in the districts and provinces in which they are located.

Under the IF M&E framework, **outcomes** are defined at both the project (Annex 5) and at the health and education sector program levels (Annex 6). Baseline data in support of these project and program outcomes is specified in each Incentive Fund Agreement (IFA) and is still in the process of being collected. As described in the M&E Framework in section 2.6 the MC does not anticipate that project and program outcome level analysis will be possible until the closing stages of the Phase 3 and, more appropriately, during ex-post evaluation. The issue of documenting outcome processes

Strengthening and rewarding performing organisations

The selection criteria for IF grants guarantees that only well performing organisations with a proven track record in service delivery are rewarded with IF grants.

Once selected proposal passes the development screening, the organisational assessment (Stage 3) is used to identify the strengths and weaknesses of organisations with respect to their capacity to undertake project cycle management, in particular, procurement, contract and financial management and its core service delivery functions. This assessment can be used to inform the development of the Project Management Team (PMT) which supervises the approved project from design through to commissioning.

It is through the PMT's that the IF partners are capacitated under the supervision of the Managing Contractor which provides regular site supervision and mentoring and closely monitors PMT progress and performance through monthly and quarterly progress reports.

Currently the IF is working with 20 Project Management Teams comprising around 100 people all of whom have, or are acquiring, applied project cycle management experience covering the fundamentals of project design, procurement, contract and financial management, facility commissioning and monitoring and reporting.

Rewarding with Repeat Grants

There has been some criticism of allowing IF repeat grants on the grounds that it limits the entry of new partners (2002 Review). However, the Review Team notes, continuing to allow partners the opportunity of applying for a second grant has incentivised some partners to think more strategically about their future as service providers. This is particularly true for Devine Word and PAU where second grants, while being transformational in increasing the capacity of these institutions to enrol more students, have also caused them to review their organisation and management capacity and roles as service providers of higher education.

2.2.2 *Supplementary TOR Questions*

1. To what extent is the Incentive Fund achieving its stated intended outcomes?

This issue is covered section 2.2.1 and in section 2.6 Monitoring and Evaluation.

2. How effective is the Incentive Fund Management structure in supporting delivery of the Fund outcomes and outputs, including capacity development of organisations?

This question is more about the efficiency of the organisation and management structure and is dealt with in sections 2.3 and

2.3 Efficiency

2.3.1 The extent to which the project is being implemented in an efficient way with best use of the available resources.

(a) The Application and Approval Process

The introduction of the four stage application and approval process (Gateway Screening, Development Screening, Organisational Assessment and Funding Approval) as described in the Incentive Fund Information Book (2011 2nd Edition), has significantly improved the efficiency of the IF process in comparison to other phases of the program by reducing the workload and cost to both applicants and the IF Team. Due to the efficiency of the initial gateway screening process only those organisations with a realistic chance of securing funding approval now proceed to full development submission. This process is illustrated in Table 4.

Table 4: Project Rationalisation through the Four Stage Appraisal and Approval Process for Phase 3 Project Submissions.

Stages	Number	Value
1. Concept Proposal Gateway Screening	226	K 907, 644,478
2. Concept Proposal Development Screening (DNPM & AusAID)	31	K184,912,482
3. (a) Organisational Assessment	26	K133,150,311
3. (b) Detailed Proposal	22	K135,432,226
4. IFA Signing & Implementation	20	K124,329,303

The establishment of partner Project Management Teams under the IF Agreements and building their capacity to undertake project related management tasks greatly enhances the efficiency of project cycle management as it significant increases the resources available to improve communication and coordination with external project managers and contractors.

The recent appointment of Regional Infrastructure Specialists to service IF partner clusters in the Highlands, Milne Bay and Madang is already paying dividends in enhancing the relationship between PMTs and their Contractors.

The efficiency and effectiveness of communication and coordination between PMTs, Contractors and IF Managing Contractor basically determines the success or otherwise of IF project outcomes. Getting the design, procurement, and contractor selection and supervision process right requires constant attention. The Review Team notes that of the twenty projects being implemented, nine or 45%, experienced a range of start-up problems associated with the

appointment project managers, the government tender approval process and contractor client communication and coordination.

The fact that these problems, which are common to many infrastructure programs in PNG, have generally been speedily resolved attests to the importance of having a well resourced IF Team with a core group of construction and procurement specialists who can intervene early enough in the project cycle to address outstanding design, procurement and contract management issues.

The PMT's all acknowledge, if it were not for the knowledge and experience of the IF construction and procurement specialists and their support staff, they would have had significant start-up problems in communicating and coordinating with their various contractors. To assist in enhancing and guiding this relationship between PMTs and contractors the IF Team has developed comprehensive guidelines and checklists for the design, procurement, and contracting and financial management process. These guidelines form the basis of PMT instruction and mentoring and are described in section 2.7.

(b) The IF Management Group (MG)

Since its inception the IF has been coordinated by a Management Group. This Group comprises three independent PNG eminent persons one of whom is appointed as Chairperson of the MG. AusAID and DNPM on behalf of both governments appoint the independent members and provide program and policy advice.

The 2008 PDD proposed that the Management Group should take a more active role in Phase 3 decision-making particularly in relation to the acceptance or rejection of proposals at the Gateway Screening stage which had previously been the Managing Contractors task. The Review Team noted:

- Management Group is actively involved in all four stages of the IF submission and approval process and regularly visit project sites.
- The Management Group members were satisfied with the level of secretariat support provided by the Managing Contractor.
- The independent members feel they play an important role in (a) maintaining the institutional memory of the IF given the frequent changes in DNPM and AusAID staff, and (b) keeping the IF free from unwarranted political and administrative intervention and maintaining its reputation for fair dealing.

On this last point, the Review Team noted the Secretary for DNPM has expressed a view that, in any future phase of IF assistance, the Government through DNPM should chair the Management Group and that its focus should be on projects selected by the government. The issue of whether or not the IF should continue to be independently chaired has been tabled as an agenda item in the development of the proposed IF Concept Paper process (refer section 3.3)

(c) The Imprest Account

Compared to the use of partner government financial management systems, those used by the IF are acknowledged by all project partners to be vastly more efficient in that (a) funding for

projects is generally guaranteed and (b) funded organisations have both direct access to and management control over the utilisation of these funds at the project level.

In mobilising the Incentive Fund in 2000, the GoPNG and the GoA agreed:

- AusAID should establish an Incentive Fund Imprest Account to hold monies received from the Australian Government Treasury to pay for all expenditure for projects implemented under the Fund, subject to the Incentive Fund Subsidiary Arrangement.
- Funded organisations should have direct access to these funds through Project Subsidiary - Imprest Accounts but that the procurement and financial management procedures employed by these organisations should be rigorously supervised and audited to ensure that they comply with GoPNG and GoA requirements.

The Review Team notes:

- a. The Imprest Account funding arrangements accord funded organisations with a level of flexibility normally not available through existing GoPNG and donor procurement and financial management systems. This flexibility in accessing funding, in accordance with approved plans and variations, allows IF service providers a high degree of management control and hence ownership over the facility design, procurement and contract management process and lays the foundation for more sustainable development outcomes and capacity building within their organisations.
- b. To date, all the funded organisations are fully complying with the GoPNG and GoA provisions for the management of these accounts under the supervision of the IF Managing Contractor.
- c. The Imprest account is regularly monitored through audits

The issues constraining the use of partner government systems are described in more detail in Annex 4 (supplementary question 8).

2.3.2 Supplementary TOR Questions

1. How efficient is the Managing Contractor in terms of managing the overall Program including program finances? Are there any opportunities to improve the efficiency and value for money from the Managing Contractor?
2. To what extent are project management and implementation plans designed to ensure that all projects funded under Incentive Fund Program are/will be implemented on time and on budget? Are there any opportunities to improve?
3. How effective has the Incentive Fund Management Group's role and contribution been in governing and supporting the management of the Program?
4. How relevant have the stakeholders' contributions been?
5. How relevant is the Incentive Fund four stage screening and appraisal process?

6. How relevant has the contribution of the Managing Contractor been with regards to achievements of program outcome ⁴and outputs?

As described in section 2.3.1 the MC is an efficient program and financial manager and is able to draw upon a range of project cycle management systems and procedures and progressive learning developed during phases 1 and 2 and consolidated during phase 3 (refer section 2.7). Of particular note is the efficiency of the:

- Four stage application and approval process (section 2.3.1 (a) which expedites the process of PCM
- Management Group (section 2.3.1 (b) which guides the MC on policy and program issues and deals promptly with business arising
- Management of the Imprest Account (section 2.3.1 (c) which disburses and acquits funds in a timely manner.

2.3.3 The IF and other Grant Aid Initiatives

In relation to the supplementary question of ‘*How is Incentive Fund Program different to other AusAID grants funding in PNG such as SPSN? What is the value add? What is IF’s comparative advantage over these other grants funding?*’ the following analysis is presented.

There are two other AusAID submission-based grant initiatives Strongim Pipol Strongim Nesen (SPSN) and the Governance Implementation Fund (GIF) which is a sub-program of the Provincial and Local Government Program (PLGP).

(i) Strongim Pipol Strongim Nesen (SPSN)

SPSN was launched in February 2011 and contributes to PNG’s Vision 2050 and the National Medium Term Development Plan.

The goal of SPSN is to enable civil society, together with the government and others, to better meet the needs and priorities of all citizens: men, women and children; regardless of race, religion, disability, age, sexuality or educational background.

To work towards this goal, SPSN is supporting groups of citizens and their initiatives in the following high priority areas:

- Health (particularly maternal and child health, and HIV and AIDS).
- Education (particularly basic education and non-formal adult education).
- Gender Equality (including violence against women and women’s economic empowerment).
- Disability (increasing participation and improving services for people with disabilities).

⁴ Higher level achievement – not just goods and services

SPSN operates a grant scheme to empower communities and promote worthwhile projects by allocating grants to civil sector organisations as well as smaller informal and community groups. Three types of grant are available:

- Small (K5,000-K80,000)
- Medium (K80,000-K160,000)
- Large (K160,000- K500,000)

Supported projects are required to apply and promote a democratic governance approach to community development.

(ii) Governance Implementation Fund (Autonomous Region of Bougainville)

The GIF was co-financed by AusAID and NZAID in 2004 to *'help implement autonomy, improve good governance and implement public sector reform in Bougainville.'* It was established as flexible funding facility under the Sub-National Strategy (SNS) (now the PLGP) to support:

- the Bougainville Peace Agreement
- the rehabilitation and restoration of services;
- capacity building of the administration; and
- autonomy for the Region as enshrined in the peace agreement.

A Managing Contractor was appointed to manage the Facility through a Trust Account, however, grant funding is disbursed and acquitted through GoPNG government procurement and financial management systems. Whereas there was reasonable control over the program from 2004- 2008, due to the lack of internal revenues, and short fall and timing problems in the allocation of national government grants to the ABG from 2009 through to December 2011, GIF funds were principally used to plug the gap in budget support for basic administrative, health and education infrastructure and services leaving little room to pursue institutional strengthening and capacity building.

In sum, from 2009-2011 the GIF annual allocation of around K3 million a year was used as budget support by the ABG and managed through its submission-based annual planning and budget cycle. While the GIF was a welcome stop-gap measure, the ABG lacked standard procedures for project cycle management and there was very little communication and coordination between the Divisions of Planning, Technical Services and Finance in the project design and approval process. The GIF soon became beset by management problems to the extent that by August 2011 there were 289 incomplete projects with virtually no design documentation and realistic cost estimates.

Following a technical review in Nov 2011 and subsequent GIF Steering Committee meetings, the 2012 GIF work plan was rationalised back to program of 78 projects and a budget of K8 million was allocated to complete all projects scheduled for December 2012. Once the current backlog of projects is complete AusAID plans to refocus on the GIF on capacity building and autonomy issues.

(iii) Differentiating Factors

Whereas SPSN, GIF and IF grants are all submission-based they were established to serve different purposes:

- SPSN was established with the purpose of working through civil society to improve health education and disability services and to promote gender equality at the community level. It fosters the principles of democratic governance to develop institutions and processes that are responsive to the needs of the ordinary citizen. It provides grants for minor infrastructure and services up to the value of K500, 000.
- GIF primarily works through ABG government agencies at the regional and district level to provide basic infrastructure and services targeting health education and administrative services. While a Managing Contractor administers grant aid through a Trust Fund, planning and decision making is aligned to the ABG's annual planning and budget cycle and administered through the Office of the Chief Administrator. Funds are disbursed and acquitted through partner government systems. GIF provides grants for minor infrastructure and services up to the value of K1, 000,000.
- The IF in its current phase works through well performing service providers with an established track record to incentivise them to develop major institutional infrastructure in support of improved health and education service delivery. It provides grants for both minor and major works from K0.5 – K10 million.

Whereas the IF and SPSN are administered by Managing Contractors drawing down on Imprest accounts, the GIF draws down on a Trust Account through partner government systems. Use of the Imprest account gives SPSN and the IF greater flexibility in mobilising funds, completing projects on time and within budget and in managing fiduciary risk. While the GIF 2012 work plan is now better managed than in previous years, the use of partner government planning, procurement and financial management systems continues to delay project implementation despite the presence of technical advisers.

Because the SPSN, GIF and IF have been designed for different purposes and cater for different target groups the Review Team considers it inappropriate to attempt to assess the comparative advantages of the IF over the other funding sources. The IF is not designed to do what SPSN and GIF do.

What can be said, however, is that the scale of IF funding allows recipient service providers to significantly upgrade infrastructure and support services beyond the development of minor works and, in this context, add considerable value to their service delivery capacity I.e. through being able to increase enrolments in the case of education facilities and provide better out and in patient care in the case of health facilities. The value add and relevance of the IF grants to faith based organisations is discussed in section 2.1.

The scale of the IF grants also require the recipient institutions to establish Project Management Teams and participate in the planning and management of their project from design through to commissioning. As discussed in section 2.3 the project cycle management knowledge and skills acquired by PMT members are transferable within and between institutions and add value to the overall capacity of major services providers.

The Review Team notes that the IF has sought to refer projects it considers suitable to SPSN for funding but these have not met with SPSN selection criteria. The MC also notes that few civil society organisations have the organisation and management capacity to operate on the scale of the current IF service providers and which are selected on the basis of their established track record.

2.4 Sustainability

2.4.1 The extent to which the project is contributing to sustainable development and can continue to do so in the future.

Project Sustainability

The IF sustainability process is enhanced from the outset by the fact that it targets well performing organisations with an established track record in project management and service delivery.

The four stage application and approval cycle reinforces the approach by providing a systematic framework for the formulation of the project concept and the consideration of sustainability issues through a formal appraisal and approval process. This process, together with the establishment of the PMT and the follow-up capacity building provided by the MC to guide implementation, engenders a high degree of ownership by the service provider which is essential for sustainability.

The GoPNG Incentive Fund Review commissioned by the Office of the Prime Minister (May 2012) The Incentive Fund Review (Bill Hamblin Review, May 2012) notes that not all APNGIF funded service providers are able to manage and maintain their facilities⁵ after formal project support has ceased and that some facilities are in a poor state of repair and not performing as designed (Hagen Market, Hagita Secondary School

Clearly while the IF appraisal and approval processes assist the Management Group to make an informed decision on the capability and commitment of an institution at a particular point in time, there is no guarantee the institution will retain this capability and commitment in perpetuity.

The reality is, at some point in time, all institutions have to face the challenge of how they are going to maintain and/or replace aging infrastructure whether it is provided by the IF or another source. To do this they need to transition from project planning to a process of program planning which:

- clearly defines their wider mission statement and program objectives with respect to service delivery and prioritises their maintenance and infrastructure development accordingly; and

⁵ There have been three phases of the Incentive Fund, known as:

- Phase 1 2000-2003 Papua New Guinea Incentive Fund (PNGIF)
- Phase 2 2003-2008 Australia Papua New Guinea Incentive Fund (APNGIF)
- Phase 3 2010-2014 Incentive Fund

Only Phase 3 organisations have been subjected to an organisational assessment of management capacity

- is linked to a medium term revenue and expenditure planning strategy underpinned by a combination of fee for service and recurrent and development budget grants as provided by provincial and national government and other development partners.

Currently the IF is primarily focussed on project planning and does not have the resources to assist its partners under current contractual arrangements to pursue program planning issues at the wider institutional level.

Graduating from Project to Program Development

The issue of whether the IF should have the flexibility to engage in both project and program funding to address institutional sustainability issues was raised in the initial 1999 Incentive Fund Design Document. The PDD noted:

'Incentive Fund support for a proposed fully contestable model is based on the premise that funding support for projects will more readily be able to provide quantifiable development impacts than could fund support for programs. A program approach, in which good organisations are funded, based for example, on their track record, will not necessarily ensure a focused, quantifiable and viable impact. For example, good organisations could seek funds to improve facilities or train staff, for which a target population (school aged children) may not gain early and specific benefits that can be observed and measured from the onset of the project...

However, there may be circumstances at which time a program approach is preferable. It may be, that in certain circumstances (i) an organisation could 'graduate' from project to program funding over time; or (ii) a strong well-established organisation undertaking a broad program of activities that have a high development merit and where any part of the program would qualify for support; could obtain program funding from the outset'.

The PDD also noted, if a program approach was adopted, the appraisal and any subsequent monitoring and evaluation would need to focus on the organisation and its overall program rather than on any specific project.

The Review Team notes that since its inception in 2000 the IF has principally focussed on providing project support for facility development. Twelve years on, however, the Review Team believes that several of the organisations which have received support from the Incentive Fund, particularly those that have received repeat grants (Divine Word University, Pacific Adventist University, PNG Maritime College and Alotau General Hospital) are potential candidates for graduating to future program support which, among other things, address core management and institutional sustainability issues.

Sustainability and the Process of Continuous Learning

The MC commissioned a major review of operational processes and lessons learned at the end of Phase 2 (Operational Strategies Drawn from Experience 2000–2008). This document became the foundation for consolidating the current 4 phase approach to appraisal and approval and developing the project data base.

2.4.2 *Supplementary TOR Questions*

1. What can be done to improve sustainability of projects funded under the program and how can Program promote ownership by funded organisations?
2. What measures/mechanisms are in place within the Program to ensure sustainability in organisations is well promoted and mainstreamed? What action needs to be taken to improve sustainability?
3. What lessons have we learned from earlier phases of Incentive Fund in regards to sustainability? Are there any examples that demonstrate sustainability of projects from the last phase of Incentive Fund?

These supplementary questions are addressed in section 2.4.1. As noted, sustainability issues are pursued in the IF four stage submission and approval process to minimise sustainability problems post facility commissioning. The review of operational processes and lessons learned conducted by MC at the end of Phase 2 had a significant influence over the design of Phase 3 IF systems and procedures to enhance sustainability outcomes.

However, as noted, the long term sustainability of infrastructure and service provision requires a shift to program planning and budgeting at an institutional level and the development of a medium term revenue and expenditure plan underpinned by a combination of fee for service and recurrent and development budget grants as provided by provincial and national government and other development partners.

2.5 Social Inclusion

2.5.1 *The extent to which the project addresses social inclusion activities (gender, HIV/AIDS, child protection, disability and the environment).*

The IF supports Health and Education services which are at the forefront of addressing social inclusion activities (also referred to as cross cutting issues or CCI). While Phase 3 now requires that all funded organisations must address cross cutting issues relevant to their institutional mandates this was not a design requirement in the initial round of project approvals. It was not until IF commenced developing its partnership with the Department for Community Development (DfCD) through the CCI Working Group in 2011 that a process to address social inclusion issues within the IF was formalised. To this end addressing CCI became a condition in the approval of the second and third batches and funding has been secured to support the development of CCI for 10 projects.

The CCI focus activities for all IF funded organisation (also including the first batch) is detailed in the project summaries in Annex 5, however, because of the phasing of the project approval process most social inclusion activities are still at an early stage of development.

To facilitate CCI development, the IF has partnered with the Department for Community Development (DfCD) which has responsibility for overseeing CCI nationally. DfCD and IF formed a CCI Working Group in December 2010. This group has met regularly to discuss CCI issues and has developed a CCI Handbook to both guide IF partners in the analysis and development of CCI activities and other public and private sector agencies. The handbook details:

- The functions of the CCI Working Group and their respective roles and responsibilities.
- Check lists for mainstreaming CCI.
- The approach for integrating CCI into the IF project cycle.

The IF Development Specialists with support from the DfCD assist IF partners in the development of their CCI strategy and implementation plan through a three stage process. Namely:

- An initial stock take on what the organisation has done in addressing CCI.
- Nomination of a minimum of two focal CCI issues and the appointment of a CCI champion as part of the Project Management Team to coordinate these activities.
- Assessment and alignment of organisational systems and procedures in support of the CCI focal areas.

As outlined in Annex 5 all funded organisations have identified their CCI focal areas and appointed CCI champions to liaise with the CCI Working Group.

In assessing the progress of CCI activities at the project level the Review Team notes:

- Social inclusion activities are being practically applied in the development of institution infrastructure with detailed attention being given to the special needs to women and children, the disabled, the privacy of students and patients and to improving the physical

environment of the facility. (Alotau General Hospital, Sideia Health Centre, Divine Word University).

- In most institutions the appointment of a CCI champion has encouraged management to formally adopt policies and procedures in support of their focal areas.
- Engagement between the Incentive Fund team and DfCD has led to the Department taking leadership on promoting the integration of cross-cutting issues across its development portfolio. DfCD is also using the handbook to engage more widely through its broader cooperation with AusAID, other donors, and PNG government agencies.
- Most social inclusion activities are at an early stage of development and their progress and performance is regularly reported in the Quarterly Progress Reports (refer section 2.6.2 (a))
- The Review Team is aware of the current contractual resource constraints which limit the expansion of CCI activities by the MC and consider the IF is under-resourced to perform its CCI functions.

2.5.2 Supplementary TOR Questions

1. To what extent has social inclusion activities (Gender, HIV/AIDS, Child Protection, Disability and Environment) been promoted in the program?
2. Are current social inclusion methods/strategies employed within the program effective and reaching expected Goals? What needs to be improved?
3. Is the CCI working group functioning well and achieving desired objectives? Are there opportunities for improvement?

These questions are addressed in section 2.5.1. Social inclusion activities are now a condition of project approval. The CCI Working Group is functioning effectively. While all funded organisation have CCI activities, due to the phasing of the approval process most social inclusion activities are at an early stage of development.

2.6 Monitoring and Evaluation

2.6.1 The extent to which the M&E framework captures program, project and contractor performance and realistically reflects what the intervention can achieve.

(a) The Framework

As documented in the Office of Development Effectiveness (ODE) Report **Good Practice in Performance Management: Lessons from the Australia-PNG Incentive Fund (August 2012)**, the IF has progressively refined its M&E approach over its three phases.

In Phase 1, monitoring tended to focus on outputs and the tangible, direct results of individual activities. Funded organisation involvement in monitoring and evaluating their own projects was limited.

In Phase 2, outcome measures were introduced for projects implemented by program partners in response to a perceived need to link the Fund more closely to broader development objectives. This included, for example, identifying educational outcomes from a new classroom complex, or improvements in patient care from a new hospital facility. Internal reviews and an external evaluation towards the end of Phase 2 identified a need for more systematic performance assessment for both individual projects and the overall program.

Phase 3 included the development of a database and using baselines against which to measure change. The Fund developed a new emphasis on partner capacity building and local ownership. It sought to directly involve partners and other stakeholders in social assessment, planning and monitoring and evaluation, a process which is still evolving.

The Phase 3 M&E framework (Nov 2011) outlines an approach to measuring progress and performance at the **individual project and program levels**, against the Incentive Fund goal and purpose. The framework covers:

- i. **Activity (project) level monitoring and evaluation**, ensuring that evaluations can measure the achievement of required outputs as well as the expected development outcomes (results) of their activities.
- ii. **Incentive Fund program level monitoring**, enabling an assessment of the overall contribution of the Incentive Fund through aggregating Project outcomes and addressing broader questions relating to differential impact of the Incentive Fund as a whole entity. I.e.
 - Is the Incentive Fund an effective way of delivering Australian aid?
 - What is its contribution to the Health and Education sector?
- iii. **Performance management monitoring** of the Incentive Fund to assess the IF Team performance in managing and supporting funded organisations and providing stakeholders with the required level of service.

(b) Progress

The Review Team notes:

- Good progress has been made in introducing systems and procedures which capture project progress and performance (through monthly and quarterly activity and financial reporting system).
- Measures of program progress and performance are still under development and the MC does not anticipate that aggregate impact assessment in relation to GoPNG Goals and Millennium Development Goals will be possible until sometime after completion of Phase III. To this end, AusAID has indicated that it will commission an independent ex-post evaluation of the IF at a future date.
- Similarly, the question of aid effectiveness will be addressed towards the later stages of the project and in ex-post evaluation.

In this context, the Managing Contractor's current strategy is to focus on completing process evaluations for each IF activity within six months of project completion. The first of these has been completed for the PNG Maritime College. These evaluations while providing some indicative assessment of expected outcomes primarily focus on the efficiency and effectiveness of the implementation process, the quality of project management and the strategies being employed for sustainability, and lessons learnt.

(i) The ODE Perspective

The ODE report (first drafted in April 2004) urged the IF to be more proactive in conceptualising, measuring and reporting against intermediate results as the program is implemented. It argued, unlike conventional infrastructure projects which see most results as long term improvements in service delivery, it is necessary for social infrastructure projects⁶ such as the IF to capture important process-orientated results such as improved project management capacity of the organisation, as they emerge. This argument embraces Theory of Change design and evaluation methodology and the IF was challenged to identify multiple inter-related individual areas of change or result chains and develop appropriate approaches to measurement and reporting at each step.

In sum, the ODE argued there was scope to increase the use of evaluation and evaluative methods both during and following completion of a project to capture the range of results achieved. The

⁶ As outlined by ODE, results associated with social infrastructure development are broad in scope, encompassing infrastructure and service delivery, organisational capacity development, and community and social dimensions. It is important to measure the full scale and diversity of changes associated with providing improved infrastructure – many of which, such as improved organisational capacity, are of significant developmental value. Such a process is likely to involve unpacking individual areas of change or result chains which track process level or intermediate outcomes as well as higher level outcomes and impacts. For example, infrastructure work could include actual development of functional facilities, and extend to more systemic changes within an organisation such as improvements in general management of facilities and then to better service delivery for poor people. Work on cross-cutting issues within organisations could first build awareness and lead to changes in practice around gender equality or child protection.

Report also stated a further challenge for the Fund was to more clearly relate the results it achieves to the broader development and sector priorities of the Government.

The Review Team notes that the MC is already referencing IF process orientated results particularly CCI in its Quarterly Progress Reports (QPR) and its Quarterly Project Summaries (refer Annex 5). It is suggested that future QPRs could consolidate more of these references to draw attention to the range of process oriented results which are already occurring. These references should then be further consolidated in the preparation of future Annual Reports to highlight the progressive emergence of process oriented results at both the project and program level.

While a more consolidated approach to the documentation of these outcomes in the QPRs and Annual Reports will go part way to reporting on process oriented results, this documentation should be supplemented by commissioning selected case studies of projects which track existing process oriented results.

For example, the Milne Bay Provincial Works Unit was appointed as Project Manager to supervise the development of the Alotau General Hospital and is now able to demonstrate good progress in improving the capacity of local contractors to bid for and manage medium scale works projects. The Project Management Team supporting the Madang Catholic Health Services Project is another example of a team which is extending its project management skills and learning to support the wider institutional needs of the Madang Catholic Dioceses. A case study on the impact of IF support for girl's secondary education warrants attention.

While the Review Team considers the case studies would assist in highlighting process oriented achievements already underway, it is aware of the current contractual resource constraints which limit the expansion of M&E activities by the MC. The Review Team consider the IF is under-resourced to perform its wider M&E functions particularly at a time when there is more demand to document more process orientated results.

(ii) Alignment with PNG's higher level development outcomes

The Review Team notes that while the Incentive Fund agreements detail desired outcomes at a project level (Annex 5) and specify anticipated aggregated IF health and education outcomes at a program level (Annex 6) there is no reference in the IF M&E framework as to what the national health and education sector Goals and key result areas actually are⁷.

The Review Team suggests the Monitoring and Evaluation Framework could be enhanced by referencing the IF project portfolio against the Goals and key result areas as defined in the national health and education plans. The national health sector framework is illustrated in Annex 8. Clearly, while the IF does not seek to address all key result areas, the alignment between the IF project outcomes and those being pursued through the national health plan is easily demonstrated thereby enhancing the IF's perceived alignment with national development programs.

⁷ *The M&E Framework does note, however, that reporting at the Goal and purpose level is to be against a range of GoPNG and GOA development objectives including those as specified in the sectors (refer Figure 1, IF M&E Framework (Nov 2011)).*

(iii) Being Realistic about Outcomes

The Review Team has noted that while it is possible for service providers to directly attribute IF interventions to institutional outcomes such as the reduction of overcrowding in dormitories and improved staff and student satisfaction with amenities, care needs to be taken in attributing these interventions to the occurrence of more broad-based national sector program outcomes such as such as improved educational achievement and reduced morbidity and mortality as flagged in the program outcomes (Annex 6).

The Review Team believes that while the Incentive Fund has and can continue to make a valuable contribution to service delivery through timely and rapid response to priority infrastructure needs and improving the capacity of partners to manage the development of this infrastructure, the IF interventions can only be described as part contribution to wider ‘whole of service’ development initiatives being undertaken by these organisations.

(c) Contractor Performance

As reported in the June Quarterly Report, two measures of contractor performance have been conducted in 2011. Feedback was 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 which has been actioned. A second measure in August recorded overall satisfaction by funded organisations with Incentive Fund support.

In 2012 measures were done in February and September: both recorded overall satisfaction by funded organisations with Incentive Fund support. The September report is being completed.

2.6.2 Supplementary TOR Questions

1. How effective is the M&E framework of the program?
2. How useful and effective are the M&E visits and workshops conducted by the Managing Contractor?
3. How robust is the process to identify, measure, monitor and evaluate a range of Incentive Fund results appropriately (e.g. physical infrastructure, organisational capacity building, community access to services etc), given that Incentive Fund program supports multiple projects in multiple sectors and levels?

These supplementary questions are addressed throughout section 2.6.1. The MC has established a comprehensive M&E Framework.

- Good progress has been made in introducing systems and procedures which capture project activity and management progress and performance through the monthly and quarterly activity and financial reporting system.
- Measures of program progress and performance are still under development and it is not anticipated that aggregate impact assessment in relation to GoPNG Goals and Millennium Development Goals will be possible until sometime after completion of Phase III. To this

end, AusAID has indicated that it will commission an independent ex-post evaluation of the IF at a future date.

- The question of Aid effectiveness is still to be addressed

The M&E visits are essential to project supervision and in mentoring the PMTs in the process of monitoring and evaluation. The review team notes the M&E function is under-resourced and calls for discussion between MC and AusAID to expand this function in the lead up to project completion in June 2014.

The ODE has urged the IF to be more proactive in conceptualising, measuring and reporting against intermediate results as the program is implemented.

The Review Team notes that the MC is already referencing process orientated results in its Quarterly Reports but could more effectively consolidate them within the QPR and Annual Reporting process. The issue of more closely aligning the M&E framework to the Goals and key result areas as specified in the national health plans to give better focus to the relationship between IF program outcomes and national development objectives.

2.7 Analysis and Learning

2.7.1 The extent to which the activity is based on sound technical analysis and continuous learning.

(a) Technical Analysis

The Incentive Fund principally focuses on the development of medium-scale infrastructure projects which range in value from K1 million to K10 million (refer Annex 5). A key strength of the IF is that it has an experienced team of advisers who have a sound understanding of the technical and administrative requirements for the mobilisation and completion of infrastructure projects in PNG.

Their core management skills cover the essential elements for the successful start up and completion of infrastructure projects, namely, the design and scoping of works, tender mobilisation and contractor selection, contractor supervision, project commissioning and completion reporting.

In collaboration with the PMTs and their contractors, the IF Team is working to apply its technical knowledge and skill to build capacity and facilitate communication and coordination between the parties in pursuit of the delivery of essential infrastructure and services as specified in their Project Agreements.

The delivery of this infrastructure is guided by GoA and GoPNG procurement and financial management systems as defined in:

- Commonwealth Procurement Guidelines.
- The PNG Public Finance Management Act 1995 and subsequent amendments relevant to public procurements.

- The Good Procurement Manual issued by the Central Supply and Tenders Board.

These guidelines are supplemented by technical and administrative procedures as prepared by the Managing Contractor and specified in:

- The Incentive Fund Information Book (2011 Second Edition)
- The Financial Management Hand Book (2010)
- Procedures Manual for IF Imprest Account (March 2012)
- The Technical Monitoring Checklist

(b) Continuous Learning

Since its inception in 2000 the IF has been able to consolidate and develop its systems and procedures from its progressive learning throughout Phases 1 and 2. This learning is complemented by the Phase 3 IF M&E framework which provides a proactive platform for the interaction between the funded organisations, their contractors and the IF (MC).

Assigning the project partners with the primary responsibility for monitoring and reporting together with regular follow-up by the MC through quarterly site visits, or as needed, has enhanced communication and coordination within the program and facilitates analysis of outstanding issues and the sharing of learning experience.

At the activity level, regular feedback from partner responses to the contractor performance questionnaire is also used to inform planning and decision-making with particular focus on continuous improvement on IF systems and procedures.

As part of the analysis and learning process the IF Management Group is about to commission three social research activities ‘incentive’ in the delivery of development aid; sustainability of three water projects and social and other outcomes of the Mt Hagen market.

2.7.2 Supplementary TOR Questions

1. What changes/improvements can be made to the program for the future phase i.e. what are the lessons learnt and how to incorporate and disseminate learning among stakeholders in future phase?
2. How can lessons and recommendations from the Office of Development Effectiveness report on the Incentive Fund program be incorporated in a future phase?
3. How can we address the gap between closing of current pipeline of projects and start of the potential next phase (or if this is unavoidable, recommendations on how the process can be managed better)?
4. What would be the appropriate level of financial contribution and commitment from GoPNG?
5. What would be the ideal duration of the program vis-à-vis funding?

6. What would be the appropriate management structure for the program?

These questions are dealt with in section 3 Conclusion and Recommendations which focuses on the lessons learned, revisiting the IF principles and the options for future design.

3. Conclusion and Recommendations

This section focuses on:

- i. The lessons learned.
- ii. Revisiting the IF principles
- iii. Options for Future Design

3.1 Lessons Learned

The following discussion documents the lessons learned as reported by the MC, the Office of Development Effectiveness and the Review Team

3.1.1 The Managing Contractor

The MC commissioned a major review of operational processes and lessons learned at the end of Phase 2 (Operational Strategies Drawn from Experience 2000–2008). This document became the foundation for consolidating the current 4-stage submission and approval process and developing the project data base.

Since the commencement of Phase 3 in June 2010, the MC has continued to document the progressive learning in annual and quarterly progress reports primarily in relation to process management activities associated with improving:

- The detail and costing in project scoping reports, with particular focus on the inclusion of adequate supervision costs.
- Engagement between PMT's and contractors.
- Networking with Provincial and Central Supply and Tenders Boards.
- Partnerships with provincial works units.
- PMT training, follow-up and communications.
- The works program through the appointment of Infrastructure Specialists to supervise IF project clusters in Mt Hagen, Alotau and Madang.

In documenting these lessons, the MC has simultaneously sought to address process management issues through the further adaption of IF systems and procedures and the engagement of additional key personnel.

3.1.2 The ODE

Summary of key lessons:

- (a) Social infrastructure programs deliver a wide range of results which need to be identified, valued and measured.**

The Fund's results areas are broad in scope, encompassing infrastructure, service delivery, organisational capacity development, and community and social dimensions. A challenge for the Fund is to identify multiple, though often inter-related individual areas of change or result chains, and develop appropriate approaches to measurement and reporting at each step.

- (b) In the context of support for multiple, individual projects, representing whole-of-program achievements is challenging, but can be addressed with careful attention to the methodology employed.**

Many of the innovations in performance assessment reported in this case study, such as the use of assessments for organisational baselines, are located at the project level. Significant challenges remain for the Fund to aggregate, represent and report its achievements at the program level. One way this is occurring is by emphasising the Fund's role in complementing broader sector programs (particularly in health and education) by targeting areas that fall outside existing government support (e.g. girl's education) and providing opportunities for organisations to develop and model leadership and high performance. The impact of this support can then be linked to key GoPNG and AusAID results areas, such as contributions to increased school enrolments or training for health workers, or cross-cutting issues.

- (c) Results from social infrastructure initiatives occur across the duration of the program and beyond, and need to be tracked and measured across a similar time scale.**

There is a tendency in infrastructure projects to associate major results with end of project outcomes. Improvements in service delivery resulting from facilities development such as construction of classrooms will not be evident until after their construction and most likely after the project has completed. While ex-post evaluation will be particularly useful in this context, ongoing monitoring and assessment of other kinds of results, such as community awareness raising and mobilisation, and partner capacity building, will be evident much earlier. Measurement of such results will not only identify program achievements at an early stage, but provide valuable feedback to program management on focus and strategies employed.

- (d) Building partner capacity in monitoring and evaluation or in addressing cross-cutting issues makes a valuable contribution to sustainability, despite the challenges involved.**

An important intent of the Fund's capacity building approach is for partners to adopt and mainstream good management practices, including in monitoring and evaluation. Some significant challenges arose in introducing monitoring and evaluation as a project requirement at an appropriate pace and within the capability of partners. High levels of support were required for partners not familiar with such approaches, but this support brought significant benefits in terms of improved overall organisational capacity.

- (e) **Incorporating evaluation throughout program implementation will deepen performance information and can be a useful means to promote partners' participation.**

The program's emphasis on assisting partners monitor activities enables both the collection of data during implementation and also assists partner capacity building. This process is being fostered through 6-monthly stakeholder consultations as a form of progress reviews and a focus on continuous improvement.

- (f) **Make learning and reflection a focus for the program and disseminate learning among stakeholders to maximise benefits.**

Programs such as the Fund which incorporate a range of activities involving reflection and learning could achieve additional value from formally recognising and promoting this approach both internally and with a range of stakeholders. Learning-focused activities and products would then become more substantial areas of focus for the program. Recognising the learning contained in different products such as reports and workshops and disseminating this amongst partners spreads the benefits of learning beyond the program.

In summary, the ODE lessons raise issues relating to design and evaluation methodology for consideration in the development of a next phase of the project. In the opinion of the Review Team, the next phase should be more explicit about the changes and the results it is seeking to achieve as both a social infrastructure program and as a modality within the PNG–Australia Partnership for Development. Refer section 3.3.

3.1.3 The Review Team

The Review Team notes that while the MC continues to respond to the lessons learned and the feedback from partners and contractors, there are a number of standout lessons relating to effectiveness of the IF as an aid delivery modality which need to be taken into account in developing any further phase of assistance.

These relate to the principle of only supporting well performing organisations and to the utilisation of the Imprest account as the mechanism for GoA funding:

Support for Well Performing Organisations

- Currently under the existing incentive fund principles only organisations that are already capable, have audited accounts and can demonstrate that they have the capacity to expand their development impact are eligible to apply for the fund.
- These principles weigh heavily in favour of the established faith based organisations, which, while not necessarily cash rich, have governance systems and national and international support networks in place which give them a comparative advantage over less well managed government agencies when applying for support through the Incentive Fund.
- If the Incentive Fund in any new Phase is to become more actively engaged with government service providers, consideration may need to be given to catering for

organisations which, while not having a prior or unblemished track record, ‘seriously aspire to do better’ through some modified incentive fund arrangement.

Maintaining the Imprest Account

The Imprest Account funding arrangements accord funded organisations with a level of flexibility normally not available through existing GoPNG and donor procurement and financial management systems. This flexibility in accessing funding, in accordance with approved plans and variations, allows IF service providers a high degree of management control and hence ownership over the facility design, procurement and contract management process and lays the foundation for more sustainable development outcomes and capacity building within their organisations.

If, at some future date, GoA funds had to be transmitted through partner government systems, as is currently the case for the Governance Improvement Fund (GIF) operating in the Autonomous Region of Bougainville, the GoPNG, GoA and project partners could anticipate a significant decline in the efficiency and effectiveness of the Incentive Fund.

These two issues are discussed further in the analysis of principles and the options for future design.

3.2 Revisiting the Principles

Table 5 outlines the core principles which underpin the development of Phase 3. In this analysis, these founding principles are revisited by the Review Team. The intent is to determine which principles have been actively pursued, whether or not they still remain relevant and what principles might underpin any future support to an IF initiative or similar project.

Table 5: Incentive Fund Principles- Observations and Recommendations

Phase 3 Design Principles	Observations/Recommendations
There is value in retaining an incentive based program funding mechanism within the PNG program.	<p><i>Retain an incentive based program mechanism.</i></p> <p>Under Phase 3, the Incentive Fund continues to demonstrate that:</p> <ul style="list-style-type: none"> i. PNG organisations can deliver significant and immediately tangible social and economic development. ii. Provide a modality within the Australian aid program which is widely considered to be efficient and effective.
The principles of being demand driven and flexible should continue to apply.	<p><i>The review team recommends that the issue of whether the fund remains demand driven be discussed by the GoPNG and GoA during the preparation of the Concept Paper.</i></p> <p>However, the Fund should continue to be accessible</p>

Phase 3 Design Principles	Observations/Recommendations
	<p>by all eligible PNG based development organisations</p> <p>While it should retain its flexibility to work with all eligible organisations, it needs to ensure that it is not perceived as operating outside of GoPNG, AusAID and other donor sector work programs, and is consistent with GoPNG development and sector policies and strategies.</p>
<p>Sustainability should be a key consideration in the application assessment process.</p>	<p><i>Continue to ensure that design and M&E standards reinforce sustainability.</i></p> <p>Under the IF, appraisal of sustainability issues is continuously:</p> <ol style="list-style-type: none"> Applied through the IF four stage submission and approval process (Gateway Screening, Development Screening, Organisational Assessment and Detailed Proposal and Management Group Approval) Reported through the IF monitoring and evaluation framework. <p>The principle of sustainability should also be complemented by a commitment by all funded organisations to addresses social inclusion activities (gender, HIV/AIDS, child protection, disability, work place safety and the environment) and to appoint cross cutting issue Champions to oversee these activities.</p>
<p>The focus will be on good PNG organisations which are delivering services of value to people, and on further building their capacity.</p>	<p><i>Continue to support well performing service providers to consolidate and expand their mandated functions.</i></p> <p>However, subject to GoPNG and GoA agreement, develop another facility or IF component for providing project management assistance to less well performing organisations but which ‘seriously aspire to do better’ through an incentive fund type arrangement.</p>
<p>Equity in relation to the allocation and distribution of GoA aid resources is not a primary objective of the incentive based funding mechanism.</p>	<p><i>Continue to apply this principle.</i></p> <p>Organisations which have a proven track record in management and service delivery should continue to be eligible for multiple grants.</p> <p>This said, the GoPNG and the GoA through the Partnership for Development should explore ways of transitioning some of the more established IF partners from project to program support to address</p>

Phase 3 Design Principles	Observations/Recommendations
	<p>sustainability issues and expand the pool of development partners .</p> <p>While acknowledging that equity is not the prime driver of the IF in terms of the allocation of aid resources, GoPNG and the GoA should reaffirm their broader commitment to social and gender equality through their Partnership.</p>
<p>Annual funding levels should be in the order of A\$15 million per annum (about 5% of the program)</p>	<p><i>Annual Funding should increase</i></p> <p>Under Phase 3, applications (K907 million) for IF grants far exceed funding availability (K124 million). Given the IF has demonstrated it has the Project Cycle Management systems and procedures in place to give it the capacity to complete projects on time and within budget, and there is high demand for efficient and effective project management support, the GoA and GoPNG should consider increasing the annual funding levels.</p> <p>As noted, it was always intended that if the IF became an effective Aid delivery modality funding for expansion of its application would increase.</p> <p>The option of doubling the Fund to A\$30 million per annum and committing to a 10-15 year program should be considered in the development of the proposed Concept Paper.</p> <ul style="list-style-type: none"> • Scaling up the fund would allow the IF to continue to support well performing organisations and to pursue a new initiative in support of less well performing agencies. • Extending the program to a 10-15 year commitment would provide the Management Group with more scope for forward planning and give more service providers an opportunity to participate in the program.
<p>Close linkages should be developed with the Sub National Strategy (now the Provincial and Local Government Program - PLGP), Provincial Performance Improvement Initiative (PPII) and AusAID Democratic Governance strategy and programs, including the Democratic Governance</p>	<p><i>Review the linkages principle.</i></p> <p>While the Phase 3 PDD anticipated the IF would develop linkages with compatible GoPNG and GoA programs, this has not happened.</p> <p>The IF along with other GoA sponsored activities (SPSN, PLGP and the health and education sector</p>

Phase 3 Design Principles	Observations/Recommendations
Transition Program (superseding the Community Development Scheme in an interim phase).	<p>initiatives) largely remain siloed within their respective program and management structures.</p> <p>If the Fund is to be better linked to both existing GoA and GoPNG programs (PIP) there needs to be consultations within and between the parties to consider the scope and options for collaboration. These consultations will need to take into account that the IF together with AusAID's two governance pillars (SPSN and PLGP) are all scheduled for completion in June 2014.</p> <p>Section 3.3 recommends that these consultation and be progressed through a series of workshops and that the workshop findings and recommendations be used to inform the development of a concept paper which outlines the scope for a next phase of IF assistance and its program focus.</p>
Eligible organisations would continue to include provincial governments, PNG civil society organisations and non-commercial statutory authorities (e.g. hospitals, higher education institutions).	<p>While no change is recommended to the eligible PNG organisations, the Review Team notes resource MOA between the State, Provinces, Landowners and Resource Developers are increasingly shaping the way public infrastructure is delivered at the sub-national level.</p> <p>The scope for extending IF support to the entities who manage these agreements, Special Purpose Authorities and Project Management Units, should also be explored in the proposed workshops and the Concept Paper.</p>

3.3 Recommendations for Future Design

(a) Develop a Concept Paper

The Incentive Fund and its guiding principles and project management systems and procedures are highly relevant to the improvement of (a) public infrastructure and service delivery in PNG and (b) to GoA aid effectiveness in contributing to this objective.

While the Fund is a successful programme with much to offer in terms of its project management and governance procedures:

- its services are not available to organisations which do not have a good track record in service delivery and financial management (but which genuinely aspire to do better); and

- it is at present not linked to any other major GoPNG or GoA development program supporting public infrastructure and service delivery at the national or sub-national level (the PIP, AusAID Health and Education Sector Programs, the SPSN or the PLGP).

In this context, the Review Team believe the next steps should be to facilitate policy and program dialogue between the GOPNG and AusAID to decide what to do with a facility that:

- a. is working well;
- b. has high relevance to the Australian Aid effectiveness as it delivers directly through GoPNG service providers while enhancing their project management capacity; and
- c. has established project management systems and procedures which are in short supply in the principal government agencies (Provincial Governments and National Departments) responsible for delivering the bulk of public infrastructure and services to the people of Papua New Guinea.

This dialogue should be informed by:

- The Peer Review of the draft IF Independent Review Report scheduled for November 2012.
- Subsequent to the findings and recommendations of the Peer Review, consultations between DNPM, DPLGA and AusAID through a series of workshops on the policy and program implications of the Report with the view to scoping a joint Concept Paper and Terms of Reference for a next phase of the IF.
- Subject to the findings and recommendations of the Concept Paper, preparation of a Project Design Document (PDD) and a Draft Scope of Services for the mobilisation of the program.

The main purpose of the workshops would be to exchange information and explore options for developing linkages between GoPNG and GoA programs. The workshops should be conducted against the knowledge that the current phases of the Incentive Fund, SPSN and the PLGP are scheduled to be completed by June 2014. Some policy guidance from AusAID and the DNPM on the future of these activities, either under a consolidated program or as separate facilities, should be provided at the outset of the workshops. It is anticipated that the workshop findings and recommendations together with those made in this report will inform the development of the Concept Paper TOR.

Suggested Concept Paper agenda items as detailed in this report include:

- i. Formulating the next phase around a theory of change which uses the notion of ‘social infrastructure’ as an entry point for:
 - improving public infrastructure and service delivery and organisational capacity development; and
 - addressing issues of community development and social inclusion.
- ii. Retaining the aid modality through the use of ‘incentives’.

- iii. Revising the IF principles but retaining core support for well performing agencies within the IF.
- iv. Incentivising project management support to less well performing agencies through either the IF or another program.
- v. Maintaining the GoA Imprest Account facility.
- vi. Determining the most compatible and feasible GoA GoPNG program linkages and the scope for co-financing of projects.
- vii. Mechanisms for graduating selected IF partners from project to program support.
- viii. Increasing the duration and scale of the Fund.
- ix. Maintaining the Independence of the IF Management Group but expanding its membership to include DPLGA.

(b) Maintain a Seamless Transition and Reduce the Funding Gap

The TOR specifically request the Review Team to comment on how AusAID can address the gap between closing the current pipeline of projects and start of the potential next phase. In the current phase, all available funding for IF has been fully allocated. Since the funding pipeline is now full, and the GoPNG and the GoA have yet to approve a next phase, no further new proposals were sought from organisations after April 2012.

The Review Team notes:

- Under existing contractual arrangements AusAID can expect a progressive decline in IF expenditure to June 2014 as the current portfolio of projects is completed. AusAID and the MC need to consider the project management implications of this decline and whether rationalisation of the Current IF Team is an option as IF funding is scaled back.
- Based on Phase 3 experience, it will take a Managing Contractor 9-12 months to re-establish and commence funding a new project pipeline from the start of project.

If the GoPNG and the GoA wish to have a seamless transition between the completion of Phase 3 in June 2014 and the start of a new program and minimise the expenditure gap in the next Phase:

- an IF Concept Paper should be developed in the first quarter of 2013 and, subject to its findings and recommendations;
- a design process should commence immediately and be completed by December 2013 along with a Scope of Services for the next Phase of assistance.

This action would provide DNPM, DPLGA and AusAID with ample time to develop the concept, appraise the design (March-December 2013) and supervise a tender and contractor selection process (January-June 2014) which would allow for the appointment of a Managing Contractor for the next phase of the IF partnership post June 2014.

If the above design and tender process cannot be mobilised within this time frame the funding gap is likely to extend for up to 2 years.

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Annex 1: Terms of Reference

Incentive Fund- Independent Progress Report

Terms of Reference

Background

The Incentive Fund is an innovative form of aid delivery program jointly agreed to by the Governments of Papua New Guinea (GoPNG) and Australia (GoA). The Incentive Fund provides funding for well performing organisations including Provincial Governments, PNG civil society organisations and non-commercial statutory authorities, to implement both infrastructure and non-infrastructure projects.

The Incentive Fund is now in its third phase: Phases I and II were known as Australia PNG Incentive Fund (APNGIF) and covered the period August 2000 to February 2009. Under APNGIF, 39 projects were funded across 15 provinces in various sectors valued around AUD \$113 million.

Although funding is demand driven, it is in line with GoPNG and GoA priorities and funded projects under Phase III have been in the health and education sectors. Overall the program rewards PNG organisations with a good track record in service delivery and financial management. The Incentive Fund in its current phase (III) is a four year AUD \$60 million program which commenced on 10 June 2010 and will end on 30 June 2014. Since its inception in 2000, the Incentive Fund has been regarded as a successful program that achieves results (*See attachment for reports*).

The current phase of the program is managed by Coffey International Development (CID). CID was also the Managing Contractor (MC) for APNGIF. The Incentive Fund Management Group (MG) who meets on a quarterly basis or more regularly if required is responsible for the strategic direction and funding approval of new projects and additional activities associated with ongoing projects. The MG consists of representatives from AusAID, Department of National Planning and Monitoring (DNPM), and three eminent independent members drawn from the PNG community. The MC is the secretariat for the MG. The MG members also provide representation of the program at key ceremonial events as required. Under the current Phase (III), organisations receive funding through a comprehensive four stage assessment process⁸. The Sub Management Group (SMG) comprises of DNPM and AusAID and is responsible for development screening, including coordination of feedback from their respective sectors under the four stage assessment process. The process and tools have been developed, tested and continue to be improved based on lessons from Phases I and II, including the current Phase (III). Under this Phase (III) the MG is involved through-out all four stages including decisions on pre-funding approval and continues to be involved in decision making during implementation (unlike under Phases I and II).

As at 30 June 2012, under phase III a total of 20 Incentive Fund Agreements (IFAs) have been signed with organisations that have passed the four stage selection process. All funding available in this phase has been committed to projects while project implementation has commenced for the funded organisations. The focus for the period June 2012 to June 2014 would be to ensure implementation of projects remains on track, within budget and that appropriate results or expected development outcomes are captured and disseminated to key stakeholders.

⁸ The four stages are: (1) Initial gateway criteria assessment by the Managing Contractor; (2) Development priorities assessment by DNPM and AusAID (Sub-Management Group); (3) Organisational Assessment by the Managing Contractor and Detailed Proposal (prepared by the organisation); and (4) Management Group approval, Incentive Fund Agreement drawn up (by the Managing Contractor) and implementation of the project.

Some **key highlights** of APNGIF (Phases I and II) and IF (Phase III) that have supported and contributed to the success of the program so far which can be further improved from this review to inform the next design and program, subject to agreement by GoPNG and GoA, are provided in **Attachment 1**:

Objectives

The objectives of this Independent Progress Report are twofold;

Objective 1: Assessment of Performance (Program, Managing Contractor and the Management Group)

- assess the effectiveness of the Incentive Fund four stage application screening process with respect to three key contract output components of the IF – program implementation; monitoring and evaluation; and program management;
- assess the effectiveness and performance of the managing contractor with regard to day to day program management;
- assess the effectiveness and performance of the Management Group with regard to decision making and approval of projects; and
- identify what expected development outcomes have been/will be achieved for all funded projects (as per design);

Objective 2: Incorporating lessons learnt for future design

- Set out options and recommendations on aspects such as: program management structure, duration, timing, funding level, and GoPNG co-contributions to inform development of design of a future phase (commencing July 2015).

Scope

For the Review Team to achieve the objectives of the TOR, the Team will focus on assessing and providing recommendations on the following key questions based on AusAID's standard evaluation questions for Independent Progress Reports:

Evaluation Criteria	Questions
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Evaluation Criteria	Questions
Relevance	<ol style="list-style-type: none"> 1. To what extent has this phase of the Incentive Fund Program (Phase III) aligned with the development objectives outlined in both Government priorities? 2. How is Incentive Fund Program different to other AusAID grants funding in PNG such as SPSN? What is the value add? What is IF comparative advantage over these other grants funding? 3. How relevant have the stakeholders' contributions been? 4. How relevant is the Incentive Fund four stage screening and appraisal process? 5. How relevant has the contribution of the Managing Contractor been with regards to achievements of program outcome ⁹and outputs?
Effectiveness	<ol style="list-style-type: none"> 6. To what extent is the Incentive Fund achieving its stated intended outcomes? 7. How effective is the Incentive Fund Management structure in supporting delivery of the Fund outcomes and outputs, including capacity development of organisations?
Efficiency	<ol style="list-style-type: none"> 8. How efficient is the Managing Contractor in terms of managing the overall Program including program finances? Are there any opportunities to improve the efficiency and value for money from the Managing Contractor? 9. To what extent are the project management and implementation plans designed to ensure that all projects funded under Incentive Fund Program are/will be implemented on time and on budget? Are there any opportunities to improve? 10. How effective has the Incentive Fund Management Group's role and contribution been in governing and supporting the management of the Program?
Sustainability	<ol style="list-style-type: none"> 11. What can be done to improve sustainability of projects funded under the program and how can Program promote ownership by funded organisations? 12. What measures/mechanisms are in place within the Program to ensure sustainability in organisations is well promoted and mainstreamed? What action needs to be taken to improve sustainability? 13. What lessons have we learned from earlier phases of Incentive Fund in regards to sustainability? Are there any examples that demonstrate sustainability of projects from the last phase of Incentive Fund?
Gender Equality	<ol style="list-style-type: none"> 14. To what extent has social inclusion activities (Gender, HIV/AIDS, Child Protection, Disability and Environment) been promoted in the program? 15. Are current social inclusion methods/strategies employed within the program effective and reaching expected Goals? What needs to be improved? 16. Is the CCI (cross cultural issues) working group functioning well and achieving desired objectives? Are there opportunities for improvement?

⁹ Higher level achievement – not just goods and services

Evaluation Criteria	Questions
Monitoring & Evaluation	<p>17. How effective is the M&E framework of the program?</p> <p>18. How useful and effective are the M&E visits and workshops conducted by the Managing Contractor?</p> <p>19. How robust is the process to identify, measure, monitor and evaluate a range of Incentive Fund results appropriately (e.g. physical infrastructure, organisational capacity building, community access to services etc), given that Incentive Fund program supports multiple projects in multiple sectors and levels?</p>
Analysis & Learning	<p>20. What changes/improvements can be made to the program for the future phase i.e. what are the lessons learnt and how to incorporate and disseminate learning among stakeholders in future phase?</p> <p>21. How can lessons and recommendations from the Office of Development Effectiveness report on the Incentive Fund program be incorporated in a future phase?</p> <p>22. How can we address the gap between closing of current pipeline of projects and start of the potential next phase (or if this is unavoidable, recommendations on how the process can be managed better)¹⁰?</p> <p>23. What would be the appropriate level of financial contribution and commitment from GoPNG?</p> <p>24. What would be the ideal duration of the program vis-à-vis funding?</p> <p>25. What would be the appropriate management structure for the program?</p>

Methodology

- Review of reports and literature (including use of incentives by other organisations);
- Agree on Evaluation plan (including revising evaluation questions)
- Consultations in-country including site visits
- Report write-up including Aide memoire and final report
- Conduct a Peer review

Review Team

The review team will comprise of at least two consultants with the following skill set:

- Extensive experience and knowledge of monitoring and evaluation and resulted-based management
- Grants mechanism management experience
- Design experience, grants mechanism design will be an advantage

¹⁰ In the current phase, all available funding for IF has been fully allocated to successful organisations within first 18 months. Since the funding pipeline is full, no further new proposals can be accepted from organisations starting April 2012. This has resulted in a big gap of over 2 years before new funding is made available and organisations are able to bid for funds. The IRT will specifically address 'What we can do to ensure that funding is available throughout the period of the program cycle'.

- A strong understanding of PNG development context
- A strong understanding of AusAID quality reporting processes

Team Leader's roles and responsibilities

The team leader is will:

- plan, guide and develop the Evaluation Plan for the review
- provide advice and guide discussions during consultations
- provide expert advice on the monitoring and evaluation aspects of the program
- lead discussions with various stakeholders
- be responsible for managing, compiling and editing inputs from other team members to ensure the quality of reporting outputs
- be responsible for planning, coordinating team member input, drafting and presenting an aide memoire
- be responsible for compiling the Independent Progress Report
- participate in the peer review process

Team member's roles and responsibilities

The team member will:

- Provide expert opinion and advice on the GoPNG perspective
- Contribute to the discussions and analysis as required by the team leader
- Contribute to desktop analysis and provide feedback to the team leader
- Contribute to analysis of GoPNG grant mechanisms in comparison with Incentive Fund
- Provide input and advise as required by the team leader, including providing written papers on specific issues of the review
- Contribute to the drafts of and the final Independent Progress Report
- Participate in the peer review process

AusAID's role

The Incentive Fund Program Manager in AusAID will provide assistance in terms of timely advice on location of relevant documentation and material; details of relevant contacts; organise meetings with the relevant parties both inside and outside of AusAID; and organise appropriate travel arrangements and programs for site visits. The Program Manager will coordinate the peer review process.

Managing Contractor Incentive Fund team's role

The Managing Contractor Incentive Fund team will provide relevant documentation on current and previous phases of IF to the review team. The IF team will also prepare a travel program for the consultants and organise access and meetings with relevant program stakeholders.

Reporting Requirements

The review team will liaise with the AusAID Incentive Fund Program Manager as the first point of contact. The report issued by the review team will be presented to the First Secretary, Policy

and Coordination at AusAID's PNG Post. A summary of key findings and recommendations of the report will then be forwarded to GoPNG and AusAID Executive for further consideration and **feedback**

Outputs and Timeline

The review team will provide a report of no more than 15 pages (excluding attachments) with recommendations against items outlined in the 'scope' section of this TOR. This will also include a 2 page executive summary.

The reporting requirements of this review will be in four (4) parts/outputs as stated below:

1. Evaluation Plan (due prior to in-country mission, setting out detailed methodology, to be agreed with AusAID) – 4 days - **By 13 September 2012**
2. Aide Memoire (at completion of in-country mission to discuss initial findings / recommendations and direction of the review) – 3 weeks - **By 4 October 2012**
3. Draft report – 2 weeks - **By 18 October 2012**
4. Final report (following peer review, incorporating feedback from stakeholders) – 1 week - **By 08 November 2012**

Annex 2: Incentive Fund Independent Progress Report Evaluation Plan

Kingsley Lore and Gary Simpson

September 13, 2012

1. Introduction

This Independent Progress Report Evaluation Plan has been prepared by Kingsley Lore and Gary Simpson (the consultants) and draws in part upon a draft Evaluation Plan format developed by Susan Dawson for AusAID under the ‘*Evaluation Capacity Building Program. Monitoring and Evaluations Standards (2012)*’.

2. Collaborating Participants

The principal clients and primary users of the analysis are anticipated to be:

- Members of the Incentive Fund Management Group comprising AusAID, the Department of National Planning and Monitoring and the three eminent independent members.
- Incentive Fund applicants and partners which include Provincial Governments, the Autonomous Region of Bougainville, PNG Civil Society Organisations and non-commercial statutory authorities.

3. Background

The Incentive Fund (IF) is an innovative form of aid delivery jointly agreed to by the Governments of Papua New Guinea (GoPNG) and Australia (GoA). The IF provides funding for eligible well performing organisations to implement both infrastructure and non-infrastructure projects.

The Fund is now in its third phase of implementation. Phases I and II were funded under Australia PNG Incentive Fund (APNGIF) and covered the period August 2000 to February 2009. Under APNGIF, 39 projects were funded across 15 provinces in various sectors valued around AUD \$113 million.

The Incentive Fund (Phase 3) is a four year AUD \$60 million program which commenced on 10 June 2010 and will end on 30 June 2014. Since its inception in 2000, the Incentive Fund has been regarded as a successful program by both the GoA and GoPNG.

The IF is coordinated by a Management Group (MG) comprising representatives from AusAID, the Department of National Planning and Monitoring (DNPM), and three eminent independent members drawn from the PNG community. A Managing Contractor, Coffey International Development, provides secretariat services to the Management Group and technical support to project partners.

As of June 2012, a total of 20 Incentive Fund Agreements (IFAs) have been signed with partners. All funding available in this phase has been committed to projects most of which have commenced implementation but have yet to be completed.

3.1 Goal and Purpose of the Incentive Fund

The **Goal** for the Incentive Fund Phase 3 is:

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

The **Purpose** is:

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

The ‘incentive principle’ as articulated in the IF 2008 Design Document, is that through the IF there is the opportunity for PNG service delivery organisations to ‘lift their game’ and to expand their ability to ‘do their job’. Gaining access to the fund through a process of competitive bidding is the incentive, the encouragement and the reward factor for those organisations that are doing well (i.e. performing) and those with capabilities who seriously aspire to do better.

4. Objectives

The objectives of this Independent Progress Report are twofold:

Objective 1: Assessment of Performance (Program, Managing Contractor and the Management Group)

- assess the effectiveness of the Incentive Fund four stage application screening process with respect to three key contract output components of the IF – program implementation; monitoring and evaluation; and program management;
- assess the effectiveness and performance of the managing contractor with regard to day to day program management;
- assess the effectiveness and performance of the Management Group with regard to decision making and approval of projects; and
- identify what expected development outcomes have been/will be achieved for all funded projects (as per design);

Objective 2: Incorporating lessons learnt for future design

Set out options and recommendations on aspects such as: program management structure, duration, timing, funding level, and GoPNG co-contributions to inform development of design of a future phase (commencing July 2015).

5. Scope

In accordance with the Terms of Reference, the Review will focus on assessing the progress and performance of the IF Phase 3 against AusAID’s standard evaluation criteria for Independent Progress Reports as described in Table 1. These criteria are complemented by a series of initial questions to guide the Review Team’s assessment response (Refer Annex 1.)

6. Methodology

In reviewing these questions and discussing the status of project, the Review Team has classified the assignment as a Terminal Evaluation.

A Terminal Evaluation is conducted as a project either approaches or is at the end of its effective cooperation with partners; it examines whether the project objective (in this case goal and purpose) was achieved. Consequently relevance, efficiency, and effectiveness are examined based on the actual situation and performance. Impact and sustainability are also examined based on performance and the status of activities up to that point. (JICA: Issues in Ex-ante and Ex-post Evaluation, 2008).

IF Principles

The operation of the IF was last reviewed in August 2007 and the Phase III design completed in August 2008. During this process a set of principles relating to the incentive were agreed by the GOPNG and AusAID to guide the development of Phase 3

It is suggested that these principles be revisited. The intent is to determine which principles have been actively pursued, whether or not they remain current and what principles might underpin any future support to an IF initiative.

Analysis of the core questions and IF design principles will be undertaken in separate discussions with DNPM, AusAID, the Contractor, the Management Group and the IF partners.

The Incentive Fund Agreements

The Review Team notes that many of the evaluation criteria questions can be addressed by focussing on documenting the interaction between the Project Partners and the Managing Contractor in the administration and management of the Incentive Fund Agreements. To this end, the Review Team will focus its consultative discussions around the respective roles and responsibilities of the Contractor and the Project Partners in progressing the provisions of these Agreements.

Incentive Development

In administering this analysis the Review Team will also seek some initial feedback on the extent to which Partner Project Management Teams have been incentivized by the IF to improve their performance. Not only with respect to the management of their current Incentive Fund Agreements but to other development activities within their organisation.

7. Limitations

The Review Team notes under:

TOR objective 1(d) it is required to identify what expected development outcomes have been/will be achieved for all funded projects (as per design¹¹).

The Incentive Fund M&E framework, monitoring and evaluation is to take place at the program, project and contractor performance level.

Based on the nature of the project intervention to date, principally the provision of supplementary infrastructure (dormitories, wards, classrooms, offices and housing) to existing health and education services, the Review Team questions whether it is possible to directly attribute IF interventions to the achievement of anticipated higher order education and health program development outcomes such as improved educational achievement and reduced morbidity as flagged in some of Incentive Fund Agreements.

The Review Team believes that the Incentive Fund has and can continue to make a valuable contribution to service delivery through timely and rapid response to priority infrastructure needs and improving the capacity of partners to manage the development of this infrastructure. However, in the opinion of the Team, the IF interventions can only be described as ‘part contribution’ to wider ‘whole of service’

¹¹ As defined in the Project Partner Incentive Fund Agreements

development initiatives, being undertaken by partners with other resources in pursuit of higher order development outcomes as reflected in their mission statements and service mandates.

Under this Evaluation Plan, the Review Team will enter into discussion with the Managing Contractor, Project Partners and the IF Management Group which includes AusAID to level off on their 'end of project' program outcome expectations for Phase 3. This levelling off should provide useful guidance to the proposed independent ex-post evaluation which AusAID plans to commission following the completion of Phase 3.

Annex 3: Itinerary and Persons Met

Date	Organisation	Persons Met	Venue
Sept 10	AusAID	Kanu Negi (First Secretary Program Coordination and the Incentive Fund) & Belinda-Maree - Gara (Incentive Fund Activity Manager)	Pt Moresby
Sept 11	Incentive Fund Team	Paul Constable (Program Manager) Justice Gua (Deputy Program Manager)	Pt Moresby
Sept 12	Incentive Fund Team	Paul Constable (Program Manager) Justice Gua (Deputy Program Manager)	
Sept 13	AusAID	Kanu Negi & Belinda-Maree Gara	Pt Moresby
Sept 14	AusAID	Chief of Operations -Michelle Lowe, & Counsellor Policy Coordination- Madeleine Moss	Pt Moresby
	AusAID	Judith Ugava-Taunao Director PLGP	Pt Moresby
Sept 15		Background Reading	Pt Moresby
Sept 16		Background Reading	Pt Moresby
Sept 17	Public Holiday	Background Reading	Pt Moresby
Sept 18 AM	Incentive Fund	Monitoring & Evaluation Specialist- Jennifer Rush	Pt Moresby
	Hohola Youth Development centre	Brother Anthony Swamy (Principal) and Brother Joe (Project Manager)	
Sept 18 PM	Incentive Fund	Dr Webster former chairperson IF WG	Pt Moresby
Sept 18 PM	Marianville Secondary	Sr Angela Taylor Headmistress Cornelia Finance Manager Doris Andrew CCI champion Mr Ikupu CCI champion	Marianville Bomana
Sept 19	AusAID Education Team	Tamara Green,	Deloitte Office
	AusAID Health and HIV team	Willie Koi, Natalie McKelleher	Deloitte Office
	Travelled to Mt Hagen		
	Catholic Health Services	Sister Divya, Sister Regina Francis Numboru (IF Infrastructure Specialist)	Rebiamul Mt Hagen

Date	Organisation	Persons Met	Venue
Sept 20	Notre Dame secondary School	Sr Mary Vivette Baker	Notre Dame School
	Mt Hagen Technical College	John Dinbi, Bob Sepuna Henry Manbil, Paul Pakau, Naiomi Guman Kaipi Ogil, Standphill Dekma	College
	Fatima Health Centre	Sr Rucilla – Sister In-charge Techla CHW	Fatima Banz
	Nazarene Health Ministries	Scott Dooley Baru Dirye	Banz
Sept 21	Travelled to Pt Moresby		
	Caritas Girls Technical High School	Lee Maamo - Principal Sr Sarah School Bursar	Pt Moresby
Sept 22	Report Preparation		Pt Moresby
Sept 23	Report Preparation		Pt Moresby
Sept 24	GoPNG Department for Community Development	Secretary Joseph Klapat, Deputy Secretary Peter Simbukou	Kumul Haus
	Incentive Fund	Josephine Gena - CCI Development Specialist	Ela Beach Tower
	Incentive Fund	Lisania Boletu- Finance Manager	Ela Beach Tower
	AusAID	Sophia Close First Secretary SPSN	Pt Moresby
	Pacific Adventist University	Taupo Tani, Owen Korawall, Jillian Thiele	Pt Moresby
Sept 25	Travelled to Alotau		
	Alotau Gen. Hospital, Santa Maria Catholic education committee	Ashan Numa Manager Provincial Works Unit Kuyao Orotu (IF Infrastructure Specialist)	Alotau
Sept 26	Catholic Health Team, Sideia Project team	John Morova Project Manger	Alotau
Sept27	Travelled to Pt Moresby		

Date	Organisation	Persons Met	Venue
Sept 28	AusAID Health	Kye Taylor . Health Infrastructure Specialist	Pt Moresby
	Travel to Madang		
	AusAID	Head of Aid- Stuart Schaefer.	Madang
Sept 29	Divine Word University	FR Jan Czuba President Oti Ratarone – Building Manager	DWU Campus
	Department of National Planning and Monitoring	Dr Peter Kora (Secretary) and Reichert Thanda (Acting First Assistant Secretary).	Madang
Sept 30	Divine Word University	FR Jan Czuba	Madang
Oct1	Catholic Health Services	Gehard Sieland, Theresita Koi Herman Seiland	Madang
	Maritime College	Site visit only	Madang
Oct 2	Travel to Pt Moresby		
	Economic and Public Sector program	Sonya Casey,Samson Wartova, Andrew Elborn	Pt Moresby
	IF Management Group	Don Manoa	Pt Moresby
Oct 3	SPSN Managing Contractor (URS)	Jeremy Syme	Pt Moresby
Oct 4	Aide Memoire Preparation	IPR Team	Pt Moresby
Oct 5	Aide Memoire Presentation	AusAID, DNPM	Pt Moresby
Oct 6	Report Preparation	IPR Team	Pt Moresby
Oct 7	Report Preparation	IPR Team	Pt Moresby

Annex 4: Notes in Response to Selected Supplementary Questions.

Kingsley Lore

Relevance

(1) To what extent has this phase of the Incentive Fund Program (Phase III) aligned with the development objectives outlined in both Government priorities?

PNG Government's development objectives and priorities are enshrined in PNG Vision 2050, Development Strategic Plan 2030, and the Medium Term Development Plan 2015. These are translated into various supporting sectoral plans. Two of the high priorities enabling activities, among others for this MTDP period, are "health" and "education". Given that the primary focus or intervening sectors of the Incentive Fund (Phase III) are health and education, the (IF) aligns very well with the PNG Government's development priorities.

The IF finances the building of critical health and education service infrastructures through service providers (beneficiaries) with the goal of "delivering significant and immediately tangible economic and/social development outcomes for men, women and children". It is obvious that the achievement of the IF will ultimately contribute to achieving the respective national development goals of the health and education sectors:

- Health sector - to achieve an efficient health system which can deliver an internationally accepted standard of health services.
- Education sector (particularly primary and secondary education) - to achieve a better future by promoting and enhancing integral human development.

Phase III of the Incentive Fund is also aligned with the Australian Government's development objectives and policy priorities. On 20th August 2008 the Governments of PNG and Australia jointly signed Partnership for Development Framework. Under the Framework Australian Government committed to assisting the PNG Government in progressing its key development priority areas within the spirit of mutual respect and mutual responsibilities under PNG Government leadership. Health and education sectors are two of the key development sectors identified by the two Governments to collaborate in and progress in improvements. The Australian Government's commitment towards assisting PNG Government in addressing its (PNG) development challenges from a broader policy perspective is also consistent with its (Australia) Comprehensive Aid Policy Frame of May 2012 over four years (2012-2016).

This relevancy in development intervention should not be discounted from the standpoint that the Fund is elitist in nature (in that it targets a few good performing organizations) as well as being non-egalitarian (not equitable in distribution) in nature. Being an elitist and non-egalitarian in approach provide alternative way of delivering services in the health and education sectors.

(2) *How is Incentive Fund Program different to other AusAID grants funding in PNG such as SPSN? What is the value add? What is IF comparative advantage over these other grants funding? AusAID.*

The main distinction between the Incentive Fund Program and other AusAID grant funded programs at a policy level is that the former has been specifically devised and built into the 1999 Australia-PNG Development Cooperation Treaty as a special aid delivery mechanism with 5 per cent of the total AusAID grant allocated to finance it. All other programs are to be financed out of the 95 per cent and through the conventional aid delivery approach. The Joint Development Cooperation Treaty Review in 2010 recommended for the Incentive Fund to be retained as an Australian aid delivery mechanism due to its high visibility of achievements.

At a technical and operational level, certain key and fundamental principles further distinguish the Fund from other Programs. Principles such as incentive-based (reward-based), contestability, demand-driven, innovativeness, flexible, and delivered through service providers, are principles at the engine room or are the strengths of the Fund. Their collective functionality enables the Fund to be successful in that whatever project it starts, it will complete within time and of high quality. This is not the case for all sector oriented programs. The Fund targets organizations which are good performers with track records in delivering basic education and health services.

All other AusAID grant funded programs are not ring-fenced by the above principles, although there may be elements of those principles evident in them. Even though most of the mainstream programs are demand-driven (from PNG Government side), there are no strong elements of contestability among the stakeholders, the assistance provided are largely not rewards for their respective achievements therefore the rewards do not necessarily translate into incentives for those organizations, mainly Government line agencies, to perform and produce more of the same results they are producing.

The Provincial & Local Government Program (PLGP), formerly Sub-National Strategy (SNS) Programme, have elements of contestability, flexibility and incentive-base. The reason being that the Program has been devised out of the “Policy Stream” which was originally part of the Incentive Fund. The Stronin Pipol Stronin Nesen (SPSN) Program somewhat has some elements of Incentive Fund in that it intervenes through organizations other than the Government agencies (civil society) to deliver services with an optimal funding level (up to K500,000.00). It is neither an incentive-based (reward-based) nor contestable, even though it has elements of demand-driven, innovativeness and that a significant level of its financing is towards service infrastructure.

While most of the AusAID funded programs work through PNG Government line agencies, the Incentive Fund work directly through the Service Providers (be they provincial governments or faith-based organizations) at the sub-national level. Through Incentive Fund Agreements, the Service Providers manage their respective project activities from planning, procurement, implementation to financing (through Subsidiary Imprest Account arrangement) through a Project Management Team with the Managing Contractor (International) providing oversight roles.

The principles of innovativeness and flexibility enable the Service Providers to apply those principles as and when necessary as part of their project management process in areas such as project manager and project contractor engagements. Two of the outstanding examples are the Milne Bay Provincial Works Unit and the Madang Catholic Diocese. The Alotau General Hospital decided to engage the service of Provincial Works Unit as its Project Manager instead of going to the private sector market. The Madang Catholic Dioceses decided to perform the Project Manager/Contractor roles when those engaged could not deliver to expectation. The results have been generally successful in terms progressing on schedule and within budget.

The Incentive Fund arrangement enables the Service Providers to be involved in the whole project implementation process, thus, provides a guarantee for ownership and sustainability of the initiative. Also equally important is the fact that the Fund has proven to be an effective aid delivery modality where the principle of value for money is materialized and becomes explicitly visible.

Effectiveness

(7) *How effective is the Incentive Fund Management structure in supporting delivery of the Fund outcomes and outputs, including capacity development of organisations?*

In general the incentive Fund Management structure is functional and effective in supporting the delivery of the Fund outcomes and outputs, including capacity development of the organizations. This can be justified through couple of areas:

- a. The Managing Contractor's role as guide and supervisor to the Service Providers (SP) enables them to take full control of their respective project implementation affairs. That in itself causes them to strive harder to get their own expected results and at the same time learning from that process as they go along in terms physical infrastructure implementation, financial accounting and report writing.
- b. The institutionalization of the Management Group to provide overall policy guidance to the Managing Contractor, financing decision making, and being involved in all stages of the funding process provides a good backstop to the MC who would normally be managing all aspects of the appraisal and approval process. The process together with a valued technical advice from the Managing Contractor reduces the risk to projects at the point of entry (application submission stage). It is important that the chairman of the Group is still held by one of the eminent members to maintain the high level of impartiality. The membership of the Group should be maintained at the same size unless the scope of the Fund has been expanded in the next phase.
- c. The institutionalization of the sub-Management Group (AusAID & DNPM) provides good guidance in the decision making process at the Management Group level as the two Governments' respective development policy objectives (or their shifting nature) are accounted at the early stages of the screening and appraisal process. This process enables the winning applications or proposals in be largely consistent with the respective Government development policies.
- d. The perception of the Managing Contractor of the Service Providers as part of the overall project management team in many ways encourages and boosts the morale of the latter to strive harder for nothing less than success of their respective project outputs and outcomes. The sense of being part of a bigger team and striving for greater public good causes the release of inert energy for greater height in achievement. This appears to be true in the implementation of the Incentive Fund.

Building capacity development into the current phase has significantly helped the Service Providers in successfully implementing their respective projects. It is important to note that constructing physical health and education infrastructure are not the primary functions of the Service Providers. They have been rewarded for being good performers in delivering health and education services to the populace. They have not been rewarded for being good infrastructure constructors. However, their rewards have been tied to their respective service oriented physical infrastructure which poses great management

challenges at such magnitude of funding and technical complexity. The capacity development devised as part of the project implementation is significantly easing some of these challenges.

The positive impacts of the capacity development are not only experienced by the Service Providers but also their respective Project Managers and Contractors below the Project Management Team level. One fine example is that demonstrated by the Milne Bay Provincial Works Unit. The Unit is not part of the Provincial Administration but is part of the Milne Bay Provincial Government, established by Provincial Assembly Act. Through its engagement with the Alotau General Hospital project, its capacity has been and is being built. With its profile elevated, the Unit is now marketable and is attracting other clients to do similar projects.

The Fund is seeing by entities such as the Provincial Works Unit as confidence builder, promoter of local project manager and contractor capacity building, and having confidence in the local contractors' ability not only to deliver but also improve performance and do better.

It has also been noted that the experiences and skills gained by the Service Providers from the Fund has been not only kept within the respective organizations but shared with other similar services providers. Such experiences are prevalent within the Catholic Church. Notre Dame Girls Secondary School of Western Highlands and Marianville Girls Secondary School are some fine examples of such organizations. The Notre Dame Girls Secondary School in particular shared its motivating experiences with the Enga and Simbu Diocese.

The following management challenges are also noted

There is a heavy demand on MC services during start up and completion of projects . There are currently contractual limitations on the amount of supervision that the MC can provide and the IF team is currently stretched to the limit. Management costs need to be built in on a project by project basis during the design and approval process. A budget for contingencies should also be provided in each incentive fund agreement.

Efficiency

- (8) ***How efficient is the Managing Contractor in terms of managing the overall Program including program finances? Are there any opportunities to improve the efficiency and value for money from the Managing Contractor?***

The current Phase of the Incentive Fund has learnt a lot of lessons from past phases and translated them into its strengths. Besides, the current Managing Contractor has been involved in the management of the Program since its inception stage when it was SAGRIC International and is now Coffey International. As such it has built up institutional memory of the Program.

One of key factors that assist the Managing Contractor in efficiently managing the overall Program is its effective management of the Head Imprest Account and project specific subsidiary Imprest Accounts. Advances are made to all Service Provider-managed subsidiary imprest accounts that enable the Service Providers to have the financial firepower to steam roll their respective project activities. The spending are guided by the respective cost estimates and cash flows for the first quarter of the project start-up. These cash flows are refined with the assistance of the Managing Contractor before being implemented. Because project funds are transferred into respective subsidiary imprest accounts through tranches, succeeding trenches are only transferred not only upon receipt of the earlier transfer financial reports but having satisfied with the report itself. In this way the Managing Contractor has control over the quality

use of each tranche of funds being transferred. Such controlling effect also causes the Service Providers to perform in order to secure the forthcoming tranches of funds. The net effect is that the respective project implementation processes are on schedule and within budgets. The Managing Contractor has performed very well in this respect.

The Review Team notes the problems of securing government counterpart funding. Currently all financial costs at that level are almost 100 per cent met by the Australian aid with the Service Providers largely providing contributions in kind, except some projects like the mini-hydro project implemented by the Kudjib Nazarene Hospital.

Since PNG Government counterpart funds are channelled through Government Trust Accounts, there are long delays in the processing and approval of Trust Account Instruments by the Minister for Finance and the fact these most of these beneficiaries are not at the epicentre of the National Government attention, the respective project start up would take much longer than expected. Even if the Trust Accounts are established for each of the funded projects, there is no guarantee that these projects will capture the attention of the National Government in its budgetary appropriation decision making process because they will have to compete with mainstream health and education sector programs whose budgets are submitted by the responsible Government Line Agencies. And even if budgetary appropriations are made, the availability of liquid cash at the disposal of the National Government based on revenue generation at a given time will determine how much of the appropriated funds are transferred to the respective project trust Accounts. Outside of the Incentive Fund, the net result is frustrated Service Providers with their respective projects that have significant time slippages in implementation process against established schedules.

- (9) ***To what extent are the projects management and implementation plans designed to ensure that all projects funded under Incentive Fund Program are/will be implemented on time and within budget? Are there any opportunities to improve?***

The implementation plans and schedules are well developed commencing with the technical proposal write up at stage 4 with the assistance of the Development Specialists provided by the Managing Contractor. At this stage the overall objective and operational strategies of a proposed project is well developed and understood by the proponents (Service Providers), the Managing Contractor and the Management Group who ultimately provides the technical and financing approval. Yet the importance of stages one to three informing all key stakeholders involved in the screening and appraisal should not be understated as they form the basis of information relating to a proposed project. The approved technical and financial proposal is summarized and translated into Incentive Fund Agreement which provides the legal teeth to the whole partnership arrangement.

The quality of collaboration between the Service Providers (proponents) and the Managing Contractor has been reflected by the quality of implementation processes to date with most of the twenty funded projects under the current Phase proceeding as planned. It is therefore worthwhile emphasizing the need for quality at entry in terms of project documentation as it makes implementation process much easier without major structural challenges.

This also goes to illustrate the importance of the project beneficiaries (Service Providers) actively involved in the whole project planning and design process as they are better positioned to say what their real needs are and how they would like to go about implementing that project. This is the major challenge with programmes implemented through the conventional way of procurements whereby the projects are planned and designed in isolation from the actual beneficiaries, thus lacking their active inputs. When they are eventually implemented, the implementation plans, time schedules and budget ceilings do not meet realities on the ground. The end results been largely counterproductive.

The current approach in devising implementation plans, budget ceiling and time schedules should be maintained and adopted for implementation in the next Phase of the Incentive Fund since it is more realistic and feasible. However, in the event that the nature and the scope of the next Phase of the Fund changes markedly, this process in devising the above should be reviewed and strengthened to accommodate the changing policy circumstances.

(10) How effective has the Incentive Fund Management Group's role and contribution been in governing and supporting the management of the Program?

The Management Group is found to have evolved from strength to strength since the inception of the Incentive Fund Program in 2000 having learnt from past Management Group experiences. The involvement of the Management Group in all stages of the screening and appraisal of technical and financial proposals during this Phase (III) of the Incentive Fund have translated into quality project proposals at entry with realistic implementation plans, budget estimates and time schedules.

In addition the size of the Management Group and the composition of its membership also provide additional strengths to the effectiveness of the Group. Being small enables the Group to arrive at a consensus decision quickly as opposed to having a larger size. The members of the Group also bring to the decision making table with wide range of experiences, skill sets, and exposure. They complement each other with the net result being quality and informed decisions being made. One thing that needs to be considered when designing the next phase of the Program should be that of having an eminent member who has vast experience, qualification and exposure in buildings and civil engineering as most of the funded projects are infrastructure related.

Having an independent Management Group with its chair being one of the three eminent members provides the cushioning from undue political or vested outside influence. This is one of the main reasons why the Program has been successful as revealed by earlier reviews of the Program. Its independence and the chair being one of the eminent members should be maintained and adopted in the next Phase of the Program if the current success story of the Program is to be continued into the succeeding Phases.

It has been established that continuity in the membership of the Group also help in making informed and quality decision given the rich institutional memory or knowledge that is applied in screening and appraisal proposals of similar nature. This should be considered when designing the next phase of the Program.

In short, the Management Group under the current Phase of the Program is effective in supporting the management of the Program.

Social Inclusion Activities

(14) *To what extent has social inclusion activities (Gender, HIV/AIDS, Child Protection, Disability and Environment) been promoted in the program?*

Social inclusion is a significant part of the Incentive Fund Phase III design and as such it is one of the key qualifying criteria. A proposal is only preceded into full technical proposal stage if social inclusion is seen to be an inclusive part of the whole project concept. This has been made possible by the fact that at a bilateral level between the two countries, addressing gender equity has been identified as one of the partnership priorities in the Australia-PNG Development Partnership Framework.

The Incentive Fund Program Management has enticed the Department for Community Development as a custodian of the Social Inclusive agenda of the Program. In establishing and chairing the Cross-Cutting Issues Working Group, a Handbook has been prepared and officially launched by the Minister for Community Development, Hon. Loujaya Toni, MP., on Monday 24th September 2012. This is a positive step forward in that the Department takes ownership of the initiative and drives at a policy level as well as being implemented through its vast network at the sub-national level.

The Incentive Fund Program assigned about K50,000 in each of the Incentive Fund Agreement for implementing social inclusion activities by the Service Providers. Given the magnitude of the scope of areas covered under this agenda, the appropriateness of the level of funding assigned under the current Phase will be only determined at the end of the Program life. It will be too early to come up with conclusion at this stage when most of the CCI activities are in the early stages of implementation.

(15) *Are current social inclusion methods/strategies employed within the program effective and reaching expected goals? What needs to be improved?*

It is too early to tell whether or not the current social inclusion methods/strategies employed within the program are effective and reaching expected goals because most of the related activities included in all twenty funded projects under the current Phase of the Incentive Fund Program are in the process of being implemented.

However, it is evident the principles of flexibility and innovativeness of Incentive Fund Program are being applied by the Service Providers in their endeavour to plan and rollout the Cross Cutting Issues programs, including the interpretations of its meaning. The following are some of the ways in which the Service Providers interpret the concept, plan and rollout in implementation:

- (a) Most of the Service Providers have taken the out-reach approach whereby they undertake awareness in the communities within which they are located.
- (b) Service Providers like the Divine Word University and the Alotau Catholic Diocese have built the CCI agenda into their respective building infrastructure designs. For instance the dormitories in Divine Word University take accounts of facilities such as ramps and separate toilets for students with a disability aside from having more new dormitories for ladies than for men. The Alotau Catholic Diocese also ensured that the proposed Health Centre accommodates the interests and needs of people with a disability, women, children, and people living with HIV/AIDS. In addition the Diocese will also have outreach CCI programs in the nearby villages.

- (c) The Madang Catholic Diocese interpreted social inclusion to mean involving the local people to participate in and benefit from the construction of the Incentive Fund funded infrastructure projects. This is aside from the conventional approach of conducting awareness in the surrounding communities as well as building into the physical infrastructure design.

(16) Is the CCI working group functioning well and achieving desired objectives? Are there opportunities for improvement? Contractor

The CCI Working Group is functioning well as illustrated by the completion of the CCI Manual Handbook and its subsequent official launching by the Minister responsible for Community Development, Hon. Loujaya Toni, MP.

While the Working Group is working and is effective, it is important that the Group has connections with the Service Providers at the sub-national levels under the chairmanship of the Department for Community Development officials at that level. In this way the good work already progressed at the national level will be rollout to the remote areas.

Annex 5: Project Summaries (April-June 2012)

Funded Project Summaries

Incentive Fund Agreements signed and brief summaries of the twenty (20) Funded Projects below.

- 001 PNG Maritime College: Infrastructure Upgrade Development
- 002 Divine Word University: Construction of Undergraduate Student Dormitory Buildings
- 003 Catholic Archdiocese of Madang: Rural Health Services Infrastructure Upgrade development
- 004 Alotau General Hospital: Second Stage Facilities Upgrade
- 005 Catholic Diocese of Bereina: Mainohana Secondary and Vocational School Development Project
- 006 Vanimo General Hospital Construction of Health Services Buildings
- 007 Pacific Adventist University School of Business facilities
- 008 Notre Dame High School Facilities Upgrading Project
- 009 St Mary's Hospital Improved Single Nurses Accommodation
- 010 Sonoma Adventist College Facilities upgrading
- 011 Marianville Secondary School Upgrade of School Facilities
- 012 Kudjip Nazarene Hospital
- 013 Mt Hagen Technical College
- 014 Santa Maria High School
- 015 Mt Hagen Catholic Health Services
- 016 Caritas Technical Secondary School
- 017 Hohola Youth Development Centre
- 018 National Agriculture Research Institute
- 019 Rosary Secondary School – Kondui
- 020 Catholic Diocese of Alotau – Sedeia, Health Centre Facilities

PNG Maritime College (PNGMC), Madang Province: Project number 001

Project name: Infrastructure upgrade

Start date 28 February 2011/ Project completion date : 31 January 2012

Total project funding K5,800,000.00/ Counterpart contribution: Nil

Development priority: Yes - Enabler 4: Higher and Technical Education

Expected development outcomes

- Positive increase in student number and training outcomes against baseline data including tracking students to ascertain student/graduates moving into international shipping work by gender and country of origin.
- Male and female number maintained at maximum capacity and Increase in female students
- Increase capacity of PNGMC to sustain the improved functions and facilities through revenue, partnerships, industry linkages and recurrent budgets.

Progress/ Outputs:

All project components were 100% completed within budget and on time.

Monitoring and Evaluation:

Preparations by the Incentive Fund team are underway to carry out the process evaluation in August 2012

Finance

Actual drawdown - K5,800,000

Actual expenditure - K5,444,009

Actual expenditure of 94% against total draw downs to date. Balance of funds (6%) held relate to retention monies.

Cross Cutting Issues

Stake holder workshop conducted on the 30 March covered social inclusion and how industry's response would be in future in increase female seafarers. Await the report.

Unexpected events and lessons learnt

There were delays to the completion of the female accommodation due to noise pollution from construction which affected student learning during classes. In future when planning the implementation of construction projects the contractor and the funded organisation need to organise activities to minimise interference or disturbance of regular activities.

Divine Word University (DWU), Madang Province. Project number: 002

Project name: Undergraduate students dormitory accommodation project.

Start date: 1 March 2011/ Project completion date: 31 July 2012

Total project funding: K 8,301, 700.00/Counterpart contribution: Nil

Development priority: Education

Expected development outcomes

- Improved student academic performances among students in new dormitories
- Increased number of students enrolling in Post Graduate/Diploma studies as a result of improved study conditions
- Increased student satisfaction with dormitories facilities including for study
- Reduction of disciplinary incidents relating to theft in dormitories as a result of less crowding
- Increased awareness of Cross Cutting Issues (CCI) among students and staff including; HIV/AIDS; Gender; Child Protection; Environment; Persons with Disability
- Increased capacity of DWU to sustain the improved functions and facilities through revenue partnerships, industry linkages and recurrent budgets

Progress/Outputs

- 3 female dormitories is 90% complete
- 2 male dormitories is 70% complete

Overall both components are 80% complete

Monitoring and evaluation

DWU completed a good baseline measure of student attitudes then current (old) accommodation and to CCI issues. This survey will be repeated by DWU after the students move into the new accommodation. The quality of the DWU baseline provides a satisfactory comparison to assess expected development outcomes.

Finance

Actual drawdown - K8,301,700

Actual expenditure - (K 6,034,563)

Actual expenditure of 73% against total funding /drawdowns to date

Cross Cutting Issues

DWU took ownership in embedding gender equality and disability in their programs. This has been demonstrated through the utilisation of volunteers in student services in counselling, conducting awareness and providing guidance to students and staff. Their actions have the potential to impact on individuals and their choices in life.

Unexpected events and lessons learnt

- DWU has proved to be a role model organisation in being very aware of the IFA requirements and their MEF: this has ensure that the baseline survey has been successfully completed in a timely manner.
- Disappointingly, the expected network of funded projects in close proximity have not eventuated. More support for this networking between funded project is required to maximize problem and management experiences.
- Savings from overseas material purchases has allowed additional works to be carried out which strengthens the overall outcome of the project.

Madang Catholic Health Services, Madang Province: Project number: 003

Project name: Rural Health Infrastructure Upgrade Development

Start date: 28 February 2011/ Project completion date: 30 May 2012

Total project funding: K5,500,000/ Counterpart contribution: NIL

Development priority: Enabler 7: Health

Expected development outcomes

- Increase in the number of people receiving medical treatment within the communities
- Decrease in the Infant and Child Mortality Rates in the four (4) districts
- Decrease in the number of Maternal Deaths in the four (4) districts
- Increase in the number of supervised deliveries
- Increased number of women receiving antenatal and postnatal care
- Improvement in Infant Immunisation rates
- Improved numbers in staff retention rates
- Increased number of people being tested and diagnosed at the rural pathology laboratories
- Increase in community and health worker satisfaction with Health Services provision

Progress/Outputs

- 9 staff houses complete under stage 1 phase 1 works including all electrical and plumbing works. Furniture and furnishings are yet to be completed for the staff houses – anticipate furnishing all the 9 houses by the end of July 2012.
- Stage 2 & 3 works implementation and cost schedules revised; IFA amendment to be issued. Screening process for site supervisors and project managers commenced and on-going.

Monitoring and Evaluation: Monthly technical, financial and social inclusion reporting quality and content has been consistent throughout

Finance

Actual drawdown - K3,559,250

Actual expenditure - (K 1,561,330)

Actual expenditure of 44% against total drawdowns to date

Cross Cutting Issues

Management Group approved CCI budget support of K45, 000.00 for the following:

- Draft Social Inclusion plan integrated into the annual strategic plan for Catholic Health Services in Madang Province
- Catholic Health Services(CHS) 4 year plan developed on the basis of this strategy
- Certification of Lukautim Pikinini counsellors for the 14 health centres
- Basic gender concepts imparted to OIC and senior staff who are involved in developing and managing interventions that will enhance gender equity and justice in the health centres.

Unexpected events and lessons learnt

- The contractor engaged under Stage 1 works failed to complete the scheduled works. The CHS project team has decided to terminate their contract, has identified options and implemented strategies to complete the outstanding works and move forward with Stage 2 & 3 more effectively.
- It has become apparent that some funded organisations will need more guidance and continued support in managing contractors and understanding standard tender & procurement processes. Through IF's continued support, CHS has now understood the importance of proper screening processes for awarding of contracts and the need for ongoing monitoring visits during implementation of projects.

Alotau General Hospital (AGH), Milne Bay Province: Project number: 004

Project name: Alotau General Hospital Second Stage Facility Upgrade

Start date : 3 March 2011/ Project completion date: 30 May 2013

Total project funding: K10,000,000/ Counterpart contribution: NIL

Development priority: Enabler 7: Health

Expected development outcomes

- Reduced number of Re-admissions of Patients
- Reduced Maternal Mortality and Infant Mortality rates
- Reduced number of Tuberculosis (TB) drug resistance cases
- Increase and Improvement in the number of Tuberculosis (TB) compliance rates
- Reduced number of Hospital acquired Infections
- Increase and Improvement in Work Attendance of Staff Performance
- Reduced number of Contamination of Specimens
- Increased patient and staff satisfaction with hospital facilities, service delivery and patient care

Progress/Outputs

In some cases work has been delayed due to slow procurement:

- New Administration building is 30% complete: delays due to procurement of structural steel beams.
- New Nurses Quarters is 60% complete: delayed by procurement of building materials.
- Extension of the Consultation Clinic is 80% complete. Delays in the procurement of building materials. In addition, AGH has asked the contractor to allow for wider doors.
- The new Accident and Emergency and Radiology ward, Maternity ward and renovation of the Pathology Lab has yet to be approved by the Provincial Building Board prior to going out to tender – ongoing.

Monitoring and Evaluation

Alotau General Hospital carried out their second six monthly stakeholder consultations in April 2012. This showed more involvement and more proactive participation in the project by staff and more feedback from staff about the design of the buildings and spatial requirements of facilities.

Finance

Actual drawdown - K4,978,950

Actual expenditure - (K 1,681,930)

Actual expenditure of 34% against total draw downs to date

Cross Cutting Issues

There has been an increase in new patients referred to the physiotherapy department - total of 43. A total of 125 cases of people with disabilities has been seen and diagnosed, age range from 0-71 years. Treatments administered to 79 new patients: 20 new wheel chairs are ordered. Home visits and outreach programs continue. Formal registration and certification of Disability Persons Organisations (DPO) has been lodged with Investment Promotion Authority. Five persons living with disabilities have been selected for PNG Games in Kokopo. Data base for disabled persons in progress.

Unexpected events and lessons learnt

- Donations from Partners in Australia (Milne Bay Social Group) for tread mills, walking frames and orthotics etc; approval from the CEO and management on the proposed site/s for the National Orthotics Prosthesis Services (NOPS).
- Local contractors lacking the financial capacity to complete projects on time and within budget. The Project Manager has supported the contractors by procuring materials on their behalf, with the costs deducted from the overall contract sum, allowing the work to proceed in a timely manner and within budget.

Mainohana Secondary, Vocational and Technical School, Central Province: Project number: 005

Project name: Mainohana Development Project

Start date: 10 March 2011/ Project completion date: 31 March 2013

Total project funding: K 9,670,660/ Counterpart contribution: Nil

Development priority: Education

Expected development outcomes

- Increase in student numbers and training achievements against baseline data, including tracking students to ascertain student/graduates moving into the workforce.
- Greater income earning opportunity from utilisation of acquired skills in village based business and agriculture activity.
- At least twenty five (25%) of students enrolled in traditionally male vocational trades courses are female.
- Staff, students and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project.
- Increased student satisfaction with dormitories and classroom facilities (Will need to measure level of satisfaction with dormitories/classrooms before works start).
- Increased capacity of the Catholic Diocese of Bereina to sustain the improved functions and facilities through revenue, partnerships, industry linkages and recurrent budgets.

Progress

Outputs

- 4 dormitories with 20 rooms or 80 beds per dormitory for the male students – overall 57% complete.
- 2 ablution and laundry blocks to service the dormitories – overall 17% complete
- 1 double storey building consisting of six (6) classrooms - overall 18% complete
- 4 trade workshops/classrooms – overall 14% complete
- Procurement of furnishings, equipment, tools and machinery – 0%

Total overall project progress is 27% complete to date

Monitoring and Evaluation:

Monthly technical, financial and social inclusion reporting has drastically improved in the last quarter.

Finance

Actual drawdown - K3,597,855

Actual expenditure - K3,597,216

Actual expenditure of 100% against total drawdowns to date

Cross Cutting Issues:

Mainohana SS is carrying out HIV/AIDS awareness among students, teachers, construction workers and communities around the school. This includes the rights of men and women in the school.

Unexpected events and lessons learnt

- There should be a constant supply of building materials to the site to ensure that contractor's employees are fully engaged in the construction works. Contractor and funded Organisation has been encouraged by the IF team to plan the logistics and supply of materials.
- Construction of septic tanks to ensure waste is properly discharged. An initial detailed analysis of the soil conditions (geo-tech survey etc.) by the contractor or funded organisation should have determined an appropriate septic tank design to suit the ground conditions.
- Funded Organisations should look at the wider audience (network) rather than confine themselves to their immediate stakeholders. For example the workshop (teacher in-service) for

Vanimo General Hospital (VGH), Sandaun Province: Project number: 006

Project name: Construction of Administration building, staff accommodation and upgrading of clinical services

Start date: 1 May 2011/ Project completion date: 31 October 2012

Total project funding: K 7,825,000/ Counterpart contribution: K525,000.00

Development priority: Health

Expected development outcomes

- Reduction in the incident on sexual and gender based violence each year
- Increase survivor access to health care and counselling
- Increase number of single female nursing officers (total staff numbers by roles) after project completion
- Improved staff morale and attendance to work after project completion
- Sustained reduction in staff turnover after occupation of new accommodation
- Staff, Patients, and contractors having understanding of core concepts of gender, HIV/AIDS, Child protection and disability after awareness training by project
- Increased patients and staff satisfaction with administration, accommodation and social support centre building facilities after project completion.

Progress/Outputs

- Renovation/demolition works, relocation of administration services and temporary office location provided counterpart funding in and kind by the Vanimo General Hospital Board – 100% complete
- New office administration building to accommodate dental and radiology departments – 90% complete
- 36 room single female accommodation – 100% complete
- 12- two bedroom unit accommodation – 98% complete
- 1 social support service building – 100% complete
- Procurement/installation of office furniture, Local Area Network (LAN) and the Alesco concept payroll system for the administration building – 20% complete

Monitoring and Evaluation: Monthly technical, financial and social inclusion reporting quality and content has been consistent throughout.

Finance

Actual drawdown - K7,825,000

Actual expenditure - (K5,977,557)

Actual expenditure of 76% against total drawdowns to date

Cross Cutting Issues

The hospital has embedded CCI into their policies and are carrying on the CCI activities after project completion. The Management Group has approved K45,984.00 to continue the work of CCI committee of the Hospital on the following:

- Hospital Management policy updated and their strategic plan now incorporates social inclusion
- Better understanding of staff and Board of importance of gender policies and strategies
- Board and staff consulted in defining and providing equitable treatment for patients
- Certification of counsellors and staff as trainers for Lukautim Pikinini
- New staff in Family Support Centre trained in gender based violence and appropriate responses for clients; benefits from increased sensitivity
- Improved care for mothers and persons with disabilities

Unexpected events and lessons learnt

With IF encouragement, the hospital used current health standards in their designs. Subsequently the GoPNG provided counterpart funding to purchase new X-ray and dental equipment to ensure all facilities are adequately equipped and meet National Department of Health (NDoH) standards.

Pacific Adventist University (PAU), Central Province. Project number: 007

Project name: Construction of Wings A & B of the new school of Business Studies

Start date: 3 June 2011/ Project completion date: 3 November 2012

Total project funding: K 10,000,000/ Counterpart contribution: K1,000,000

Development priority: Education

Expected development outcomes

- School of Business enrolment increased from 239 in 2010 to 510 by 2015 as PAUs contribution to the National target of 14,400 new places by 2015.
- An additional of 75 students graduating annually from school of Business by 2017.
- Increase in overall PAU enrolment from 710 in 2010 to 1100 students in 2015.
- Improve student achievement as a result of new facilities (pre and post measures).
- Improve student satisfaction with school of Business facilities and quality of teaching (pre and post measures).
- Improved financial position of PAU as a result of increase fees (sustainability).
- Staff, students and contractors have a greater understanding of core concepts for gender, HIV/AIDs, child protection and disability after the awareness training provided by the project.

Progress/Outputs

- Construction of Wings A and B of the School of Business facilities will include theatres, classrooms, staff room, board room, conference room, male and female toilets, store room,
- Computer laboratory, kitchen, post graduate studies room and a cafeteria. – Contractor to set up site office and utilities (16/07/12) to carry out the works

Monitoring and Evaluation

Implementation of the project was delayed due to procurement issues. After consultations with the IF there has been a significant change in the composition of the PAU project management team. At PAU's request a refresher implementation workshop is scheduled for 25 July 2012

Finance

Actual drawdown - K4,377,146

Actual expenditure - (K Nil)

Cross Cutting Issues

Consultation on HIVAIDs survey to be done with students and staff of the PAU. A statement of verification has been submitted to the University research committee. Await approval.

Request Environment specialist support in month of July.

Unexpected events and lessons learnt

- The PAU project management team have learnt a great deal regarding good procurement practices, through the IF project and have adopted the IF procurement process to other projects they will be implementing.
- The resignation of the PAU Project Manager has emphasised the importance of having a committed project management team, which is capable of continuing the project until a suitable replacement is identified.

Notre Dame Secondary School, Western Highlands Province: Project number: 008

Project name: Notre Dame Secondary School Infrastructure

Start date: 7 June 2011 /Project completion date: 31 October 2012

Total project funding: K5,174,000/ Counterpart contribution: NIL

Development priority: Enabler 5: Primary and Secondary Education

Expected development outcomes

- Notre Dame Secondary School consistently achieves increased student numbers on completion and 12 months after completion of project.
- Improved ratio of Notre Dame Secondary School students enrolling in tertiary education (from 60% - 70% to 70% - 75%) within 3 years of completion of project.
- Overall improved academic performance at grade 10 and 12 levels.
- Student satisfaction with dining facilities improves after completion of dining and kitchen facilities.
- Teacher satisfaction with housing improves (among those who have been sharing accommodation) after accommodation is completed.
- Staff, students and contractors have a greater understanding of core concepts for gender, HIV AIDS, child protection and disability after the awareness training provided by the project.
- Increased capacity of the Notre Dame Secondary School to sustain the improved functions and facilities through revenue, partnerships, industry, linkages and recurrent budgets.

Progress/Outputs

- Staff house duplex and single storey fifty two (52) bed dormitory is now 100% complete awaiting completion certificates to be signed off by the Project Manager and the school.
- Two storey double classrooms are 99% complete
- New kitchen building & dining hall extension work is 99% complete with painting works, water supply fittings, gas fittings and minor works yet to complete.
- Two storey administration building is 90% complete awaiting completion of flooring, painting works, veranda decking and handrails. Works is anticipated to be completed by the end of July 2012.
- Upgrading to existing water system is 100% complete.

Monitoring and Evaluation

Finance

Actual drawdown - K5,174,000

Actual expenditure - (K 4,601,003)

Actual expenditure of 89 % against total drawdowns to date

Cross Cutting Issues

Management has approved K33,724.00 for the following activities:

- Teachers' skills and knowledge are increased through in-service training and extended to feeder schools
- Clear roles and responsibilities understood through leadership training
- Balance of male and female staff improving due to CCI awareness: more gender equity in teaching staff
- Strengthen gender relevant activities that will generate teaching materials for use within the classroom and in outreach activities within and outside of the institution.

Unexpected events and lessons learnt

Land compensation demanded by local landowners. Incentive Fund assisted in facilitating discussions between local landowners, NDSS, PDoE, Mt. Hagen Catholic Archdiocese and the Lands Department. This has ensured that the projects progressed with minimal disruptions and delays. By taking a facilitating role landowners expectations have been managed relative to the funding and ensured landowners were able to voice their concerns openly and more transparently. Submission to the Lands Department has now passed the final stages with Notice 9 being issued and awaiting approval for payment to the Landowners.

St Mary's Hospital, Vunapope, East New Britain: Project number: 009

Project name: New and renovated single female dormitories.

Start date: 10 June 2011/ Project completion date: 30 April 2013

Total project funding: K1,650,128/ Counterpart contribution: Nil

Development priority: Health

Expected development outcomes

- Nurse to patient ratio improves/sustained over 2 years to reflect national standards after completion of new accommodation and within 3 months of engagement of extra 18 nurses.
- Improved maternal and child health treatment outcomes as recorded in health
- Consistently reduced waiting times for outpatient's consultation and treatment after appointment of 18 new nurses.
- Improved levels of patient satisfaction with nursing care (Care worker approach, opinion of health service delivery [from patient satisfaction survey]).
- Improved ratio of nurses passing matriculation studies over 2 years after completion of improved accommodation and subsequently larger numbers of nurses enrolling for post-graduate studies over 5 years (check numbers currently studying as benchmark).
- Staff and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project

Progress/Outputs

Both dormitories – renovated and new – now have roofs. Exterior cladding and interior finishing is the focus for the next two months. Updated schedule indicates completion at the end of September or early October 2012.

Monitoring and Evaluation: Baseline measures related to outcome measures will be conducted in the next 4 weeks.

Finance

Actual drawdown - K1,650,128

Actual expenditure - (K 722,784)

Actual expenditure of 44% against total drawdowns to date

Cross Cutting Issues

Management Group approved K 43,533.00 for the following activities:

- All nursing staff receives gender sensitivity training from DfCD.
- All nurses personal skills upgraded and increased personal viability and sustainable home management in their accommodation.
- Hospital staff skills and knowledge are increased from Lukautim Pikinini office.
- Improved long term sustainability of new and improved facilities.
- Increased awareness of staff and patients of issues of human rights, access, equity and equality.
- Thirty-three (33) participants attended the home management training facilitated by Kabaleo teachers college on the 14 June.

Unexpected events and lessons learnt

- Hospital Administrator off work for many weeks with no foreseeable return: M&E Specialist to re-train alternative team member on undertaking baseline surveys, and assist with preparation
- Project team interpersonal relationships difficult: Incentive Fund Development Specialists to continue stressing importance of teamwork in successful project implementation
- Small contracting companies adversely affected by cash flow problems: approach to use and development of these should focus on labour only, where appropriate
- CCI committee has put in a submission to the hospital authority to solicit approval to construct path ways for persons living with disabilities access to the hospital from Callan Services
- Commence involvement of Callan services staff in the MCH clinics in the communities.

Sonoma Adventist College, East New Britain: Project number: 010

Project name: Increased female accommodation and improved health education and clinic

Start date: 10 June 2011/ Project completion date: 31 March 2013

Total project funding: K2,047,631/ Counterpart contribution: K304,000

Development priority: Education and health

Expected development outcomes

- Sustained increase of 35% of young women graduates over 3 year period
- Increase in male and female graduates entering further/tertiary education from 12 months after project completion, and in the number of qualified teachers in responsible positions (tracer studies)
- Increase in the number of children immunised after completion of health clinic (proxy for better health among children in communities)
- Sustained increase in overall number of patients treated (SAC and communities)
- Improved diets within communities as a result of training provide in new health education centre (undertake community survey pre- project and 12 months after completion as part of M&E training)
- Staff, students and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project.

Progress/Outputs:

Very good progress with health clinic and nurses house, approximately 95% finished, IFA amendment being prepared for construction of a waiting house for patients outside the clinic. Renovations on old dormitories now being completed by Sonoma maintenance crew and 90% completed. New dormitory and health sciences block each about 20% completed.

Monitoring and Evaluation: Stakeholder consultations indicate satisfaction with new clinic and nurses' house and extra services which will accrue. Baseline measures to be completed in late July to ensure comparative data available before opening of clinic.

Finance

Actual drawdown - K1,452,985

Actual expenditure - (K 650,929)

Actual expenditure of 45% against total drawdowns to date due to slow implementation

Cross Cutting Issues

Management Group approved an amount of K46,000.00 for the following activities:

- SAC HIV/AIDS curriculum for trainee teachers improved by adopting ADRA concepts
- SAC teachers and trainees gain skills in material production for use in schools they are assigned to.
- Educational materials are improved.
- Females in 10 plantations surrounding SAC are provided with literacy training by SAC trainee teachers.
- Gender awareness in April during the church assemblies. Conducted two awareness sessions on CCI and literacy training on Sunday markets to five communities.
- Seventy eight people (male and female) have enrolled of which 14 are women and girls

Unexpected events and lessons learnt

Sonoma team reluctant to get straight answer from Cedar Construction re work on the new dormitory and health science block. Cedar has been absent from site during election build-up. Incentive Fund Program Manager and Development Specialist have visited twice to support Sonoma. Some lack of support for the Project Manager apparent, although SAC Principal has written to Cedar with suggestions for better service from construction crews. No answer as yet. IF Development Specialist contacting SAC Project Manager twice a week, with possible repeat site visit for last week in July. SAC and Incentive Fund reluctant to apply liquidated damages until full face to face discussions can be held with Cedar. A visit is planned for the end of July when alternatives can be finalised.

Marianville Secondary School, NCD: Project number: 011

Project name: Infrastructure Development

Start date: 10 August 2011/ Project completion date: 31 May 2013

Total project funding: K4,763,000/ Counterpart contribution: NIL

Development priority: Enabler 5: Primary and Secondary

Expected development outcomes

- Increase in student numbers to required levels by National department of Education, and compared to baseline of 2010-20 sustained over 2 years after completion of funded project.
- Improved academic performance in Grade 10 and Grade 12 exams.
- Increased number of students graduating to higher education institutes.
- Higher number of graduating students moving directly into the workforce (disaggregated by formal and informal) than measure in baseline.
- Improved level of teacher and relevant student satisfaction with existing classroom, resources (ablution, dining, computing) and accommodation, including for staff, administration, compared to baseline.
- Staff, students and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project.

Progress/Outputs

- Construction of new dormitory and double classrooms is approximately 32% complete.
- Upgrading of existing water reticulation has commenced and is 20% complete.
- Construction of staff triplex units is 20% complete awaiting prefabrication of structural steel works and excavation for septic pit.
- Refurbishment of administration building is 80%. Contractor anticipates completion of works in July 2012.
- Excavation works for the staff conference room has commenced.
- Dining Hall Extension is 70% complete and the Contractor anticipates completion in July 2012.

Monitoring and Evaluation: Six monthly consultations conducted in April 2012.

Finance

Actual drawdown - K1,914,811

Actual expenditure - (K 1,115,542)

Actual expenditure of 58% against total drawdowns to date

Cross Cutting Issues

1. Management group approved a total of K K39,300.00 for the following activities:
 - Teachers and students have increased skills and knowledge in gender and child protection through training provided by DfCD.
 - With a greater understanding of CCI the staff have developed a 2 year plan which brings in expert teachers to support specific curriculum areas, rather than the previous ad-hoc approach of using speakers when available which did not connect to the curriculum being taught.
 - Increased number of peer educators in HIV/AIDS to provide training to MSS & 6 other Catholic Schools
2. Child protection and gender sensitisation training facilitated by DfCD and Office of Lukautim Pikinini on the 25-29 June 2012
3. Students participated in the Department of Environment and Conservation events on Environment Day

Unexpected events and lessons learnt

The project managers appointed by the school withdrew their services when they did not agree to follow the IF procurement procedures. This caused delay in works. The IF Infrastructure Specialists were able to provide additional support to the school project management team: this has proven to be beneficial for MSS as it allows more scrutiny on implementation decisions.

Funded organisations have been encouraged to project manage their own projects to ensure a better understanding on processes involved and sustainability.

Kudjip Nazarene Hospital Hydro Project, Jiwaka: Project number: 012

Project name: Hydro Electric Rebuild,

Start date: 8 December 2011/ Project completion date: 8 December 2013

Total project funding: K9,380,500/ Counterpart contribution: K300,000

Development priority: Health

Expected development outcomes

- The cost of electricity supply for the hospital has drastically reduced during the first year of operation for the new Hydro electrical power system.
- Patient fees have been able to be reduced or not raised for at least 2 years after the project completion or level of service increased due to new hydroelectric power supply
- Improved patient safety in delivery of care at Kudjip Nazarene Hospital facilities with fewer black outs (pre and post measures of backup generator use and interviews with surgical, delivery, and emergency staff)
- Improved financial position of the Nazarene Kudjip Hospital as a result of the decrease in electricity supply costs. (Sustainability)
- Reduction in damaged hospital equipment caused by power fluctuations, due to new hydroelectric power supply (pre and post measurement of damaged equipment list kept in NHM admin office).
- Staff, and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project

Progress/Outputs

- Engage consultants to carry out feasibility study and design suitable and appropriate hydro-electric system that meets the requirements of Nazarene Health Ministries – 100%
- Construct the Hydro-electric system to agreed and approved design and specification, fully tested and commissioned. Design and manufacture of hydro turbine generator is done offsite in Germany by a contractor (Ossberger)

Monitoring and Evaluation

Finance

Actual drawdown - K3,736,529

Actual expenditure - (K1,008,607)

Actual expenditure of 27% against total drawdowns to date.

Cross Cutting Issues

Management group approved funding of K50,000.00 for the following:

- Decreased discrimination leading to greater access to HIV/AIDS support and services
- Increase in birth registration in Jiwaka Province
- Disability awareness and training adopted and actioned by hospital Board and management.
- Disability support and services introduced and adopted by hospital board and implemented by management
- Improved environmental awareness through environment day activities and extensive tree planting
- Dialogue has been established with DfCD on birth registration.

Unexpected events and lessons learnt

- Arrival of the project Manager on-site – arrangements for visa has caused delays. This may in turn impact on the completion of the project – will monitor as the project progresses.
- Amendment to project implementation and financial schedules to meet IF requirement to complete all projects by December 2013.

Mt Hagen Technical College, Western Highlands Province: Project number: 013

Project name: Infrastructure Upgrade Project

Start date: 21 February 2012/ Project completion date: 21 August 2013

Total project funding: K8,532,711/ Counterpart contribution: K273,000

Development priority: Technical and Vocational Education Training (TVET)

Expected development outcomes

- Motor Vehicle Trade Course enrolment increased from 670 to 770 by first full year after completion of buildings (an increase of 15%) as contributions to MHTC total enrolment target – by gender – baseline data available from MHTC
- Improved student satisfaction with MHTC facilities and quality of teaching (pre and post measures) – by gender – baseline survey to be conducted
- Improved student achievements as a result of new facilities (pre and post measures) – by gender including improved numbers graduating – assuming MHTC has this sort of data?
- Improved financial position of MHTC as a result of increased fees (Sustainability)
- Staff, students and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project. Measured before and after selected cross cutting issues activities
- Reduction in number of students with typhoid (could add sent to hospital). This data should be available for 2009, 2010, 2011?

Progress/ Outputs

- Re-routing of current water reticulation supply line
- 1 male & female student accommodation/dormitories each
- 3 three bedroom staff duplexes
- 1 Diesel Heavy Equipment Fitting (DHEF) workshop
- Tender evaluation completed and recommendation to award is with Central Supply & Tenders Board (CSTB)

Monitoring and Evaluation

Finance

Actual drawdown - K1,214,723

Actual expenditure - (K Nil)

No expenditure to date.

Cross Cutting Issues

Management group has approved an amount of K50,000.00 for activities to achieve the following:

- Decreased discrimination leading to greater access to HIV/AIDS support and services
- Teachers' skills and knowledge are increased through in-service training

CCI committee established and CCI committees appointed. The college nominated HIVAIDs as their core activity.

Initial consultation has been done with Division for Community Development (DfCD) community environment section on the community conversation approach.

Unexpected events and lessons learnt

Being a government institution the tender process for the work at the college had to be processed by the Central Supply and Tenders Board (CSTB). By using its networks the IF team was able to continually follow up with the CSTB and the Public Solicitors office to ensure this process was completed in an acceptable time period, Fortunately the tender process was approved and contract awarded in a timely manner to allow works to proceed without delay.

Santa Maria High School, Watuluma, Milne Bay Province: Project number: 014

Project name: Santa Maria High School - Infrastructure Upgrade Project

Start date: 13 March 2012/ Project completion date: 13 September 2013

Total project funding: K4,300,000/ Counterpart contribution: K210,000

Development priority: Enabler 5: Primary and Secondary Education

Expected development outcomes

- Increased enrolment of students from Goodenough, Fergusson and Normanby Islands in Santa Maria School and Milne Bay province generally in grades 11 and 12 studies (by gender).
- Increase in the number of girls enrolling for vocational and technical education in Santa Maria School and Milne Bay Province.
- Increase in the number of students from Santa Maria School eligible to enrol for tertiary education (by gender).
- Improved teacher satisfaction with the teaching resources and accommodation provided at the school and improved student satisfaction with the education and training provided by the school (by gender).
- Staff, students and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project. CCI activities – A baseline measure is required against which the expected development outcomes can be compared;

These data should be provided each year from 2011 – 2014.

Progress/Outputs:

The construction of the three Staff duplexes has commenced with the clearing of the sites and excavation in preparation for the foundation works. The school has also signed a contract with their preferred contractor and commenced procurement of building materials and equipment. Works is still ongoing.

Monitoring and Evaluation: The project team for Santa Maria High School also attended the Implementation workshop facilitated for the Catholic Health Services – Alotau on the 26 - 29th June 2012. It was also intended as a 'refresher' for the team regarding infrastructure works but specifically on M&E and Cross Cutting Issues.

Finance

Actual drawdown - K3,097,125

Actual expenditure - (K 617,793)

Actual expenditure of 20% against total drawdowns to date.

Cross Cutting Issues

CCI implementation workshop on Good Enough Island attended by 52 participants 13-14 April. Social Inclusion stocktake has been completed and CCI champions appointed. The organisation has nominated, Child Protection, HIVAIDs and Disability. Confirmed child protection training for Staff, Board of Governors, community leaders and church leaders.

Unexpected events and lessons learnt

Due to the inaccessibility of the school during bad weather and rough seas, the organisation has been encouraged to implement their projects and manage the procurement of building materials and construction via the use of locally known transport providers able to negotiate transport costs and the possibilities of discounts in hardware prices from local hardware suppliers etc. including the use of the Vocational Technical School students and local tradesmen, labourers etc. known to the school.

This ensures a more effective management of expectations, costs, and the risks involved as compared to a contractor tendering for the works.

Mt. Hagen Catholic Health Services, Western Highlands Province: Project number: 015

Project name: Health Infrastructure Development Project

Start date: 18 April 2012/ Project completion date: 31 December 2013

Total project funding: K4,600,000/ Counterpart contribution: Nil

Development priority: Health

Expected development outcomes

- Decline in maternal and child mortality rate (baseline 2010-2011)
- Increased number of child immunisations (baseline 2010-2011)
- Increase in number of supervised births (baseline 2010-2011)
- Increased number of men attending men's health clinic (baseline 2010-2011)
- Increased HIV/AIDS voluntary counselling and testing (VCT) (baseline 2010-2011)
- Youths in WHP increase their understanding of sexual and reproductive health (Pre & post Survey)
- Decreased discrimination leading to greater access in HIV/AIDS support services
- Staff and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project. CCI activities – A baseline measure is required against which the expected development outcomes can be compared;

Progress/Outputs

- Fatima Health Centre: 2 single staff houses; completion of Health centre outstanding works
- Rebiatul Health Centre: Extension to clinic outpatient waiting area; 2 double storey 2 bedroom units; Procurement of 1 ambulance; Procurement and installation of 1 southern cross water tank
- Mun Health Centre: 2 single staff houses
- Kuruk Health Centre: 2 single staff houses; Construction of Health Centre
- All drawings for above have been completed and the tender documentation is being compiled so that all the works can be put out to tender in early August

Monitoring and Evaluation: Technical & financial including CCI reporting from the organisations is good but needs to improve once implementation is in progress

Finance

Actual drawdown - K1,477,457

Actual expenditure - (K 223,542)

Actual expenditure of 15% against total drawdowns to date.

Cross Cutting Issues:

CCI implementation workshop conducted in March 2012. The organisation has nominated Gender and HIVAIDs. Social Inclusion stocktake is in progress. CCI Champions have been nominated.

Unexpected events and lessons learnt

- In preparing the drawings for the proposed infrastructure, the Catholic Health Services have come to understand that they must work more closely with the Provincial Health Authority. They have also learnt a great deal about proper procurement processes, tendering, award and commencement of works for larger construction projects
- It has been important to engage an experienced Project Manager to manage the project
- Fatima sub-health centre works in progress

Caritas Technical Secondary School, NCD: Project number: 016

Project name: Caritas Technical Secondary School

Start date: 8 June 2012/ Project completion date: 30 November 2013

Total project funding: K4,900,000/ Counterpart contribution: Nil

Development priority: Primary and Secondary Education

Expected development outcomes

- Increased number of boarders after completion of dormitories
- Increased number of students overall; after completion of project
- Improved satisfaction of students and teachers with CTSS classrooms, accommodation and facilities (level of satisfaction self-reported pre and post completion of project)
- Improved performance of students and teachers as a result of the new facilities (level of performance self-reported pre and post completion of project)
- Degree of employability of graduating students 2 years after completion of facilities (CTSS to conduct 3-5 case studies of ex-student achievements)
- Staff and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project. CCI activities – a baseline measure is required against which the expected development outcomes can be compared;

Progress/Outputs

- Architect is updating drawings and will provide to Incentive Fund by 18 July
- Discussion held on dormitory sizes and on tendering process

Monitoring and Evaluation: Implementation workshop completed.

Finance

Actual drawdown - K2,559,219

Actual expenditure - (Nil)

IFA signed on 8 June 2012. Financial training for the project staff to be carried out on 11 July 2012.

Cross Cutting Issues

CCI implementation workshop completed 20 June 2012. CCI stocktake in progress.

Unexpected events and lessons learnt

Nil to date

Hohola Youth Development Centre, NCD: Project number: 017

Project name: Hohola Youth Development Centre

Start date: 8 June 2012/ Project completion date: 31 August 2013

Total project funding: K4,790,390.00/ Counterpart contribution: Nil

Development priority: Technical Vocational Education Training (TVET)

Expected development outcomes

- Improved satisfaction of students and staff with functions/activities in the extended hall e.g. cultural activities, assemblies, physical activities
- Improved satisfaction of staff and students at three grade levels with training being provided by HYDC e.g. extended technological and vocational subjects
- Increased number of students graduating from Year 10 continuing into TVET program
- Increase in student confidence in securing employment as they leave HYDC (measured at end of 2012 and end of 2013 academic years)

Progress/Outputs

- Technical workings drawings being finalised for Building Board Approval and tendering
- Project implementation workshop conducted

Monitoring and Evaluation: Training on Implementation completed

Finance

Actual drawdown - K2,115,882

Actual expenditure – (Nil)

IFA signed on 8 June 2012. Financial training for the project staff will be done on 3 July 2012.

Cross Cutting Issues

CCI implementation workshop completed 20 June 2012. CCI stocktake in progress.

Unexpected events and lessons learnt

Nil

National Agricultural Research Institute, Kerevat, East New Britain: Project number: 018

Project name: Development of NARI office and Laboratory Building and allied facilities

Start date: 13 June 2012/ Project completion date: 30 November 2013

Total project funding: K5,000,000/ Counterpart contribution: Nil

Development priority: Enabler 4: Higher and Technical Education

Expected development outcomes

Short to medium term results

- Improved congenial working environment for NARI staff and partners and clients
- Improved capacity and ability by NARI and its partners to implement AR4D Projects and activities from Keravat
- Improved capacity by NARI to respond to farmer and stakeholder needs for information, training, improved technologies and practices in the NGI region; and
- Improved capacity by the Women in Agriculture organisations and other partners to effectively support associated women's groups in ENB and collaborate more effectively with NARI and its stakeholders.

Longer term results

- Improved quality and quantity of AR4D outputs (technologies, practices, recommendations and outcomes from NARI and partners for farming communities in the NGI and other parts in PNG
- Improved partnerships, networks and collaborations for NARI and stakeholders in the NGI region; and
- Improved productivity and production of agriculture to help improve food security, nutrition, cash income for farming and rural communities in the NGI region.

Progress/Outputs:

Tendering process completed and construction company selected

Monitoring and Evaluation: Implementation workshop completed

Finance

Actual drawdown - K1,592,952

Actual expenditure - (Nil)

IFA signed on 13 June 2012. Financial training for the project staff was done on 14 June 2012.

Cross Cutting Issues

CCI implementation workshop completed on the 14 June. Nominated gender and HIVAIDs as focus areas. Baseline established. Gender Policy in place. Strategies to implement the policies are now being developed .

Unexpected events and lessons learnt

Nil

Rosary Secondary School - Kondiu, Simbu: Project number: 019

Project name: Rosary Secondary School (Kondiu) Infrastructure Development Project

Start date: 18 June 2012/ Project completion date: 30 November 2013

Total project funding: K6,296,021.00/ Counterpart contribution: Nil

Development priority: Enabler 5: Primary and Secondary Education

Expected development outcomes

- Improved gender ratio of students in 2014 compared to 2011 population (515 boys, 285 girls)
- Increased number of students enrolled overall; after completion of project (2011-2014)
- Improved teacher/student ratio (down from 50+) when new classrooms are in use
- Improved satisfaction of students and teachers with RSS classrooms, accommodation and facilities (level of satisfaction self-reported pre and post completion of project)
- Staff and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project. CCI activities – a baseline measure is required against which the expected development outcomes can be compared;

Progress/Outputs

- New building works: 3 double storey (96 beds) student dormitories (2 male and 1 female); 2 double storey double classroom (8 classrooms); 1 double classroom (2 classrooms); 1 clinic building, includes boy's counselling/guidance centre & infirmary; 2 ablution blocks (1 male and 1 female); 1 laundry block (female) and 7 lowset staff houses (3 bedrooms)
- Upgrade and renovation of existing buildings: 1 renovation and extension of existing student mess hall; Convert 1 existing clinic building into a 3 bedroom staff house; maintenance of 5 existing staff houses; 1 extension of girls' guidance centre from existing multipurpose hall
- Procurement: School (students and teachers) tables and chairs including Southern Cross water tank and staff accommodation tables, chairs, beds and mattresses.
- Drawings and scope of works are being finalised for above

Monitoring and Evaluation

Finance

Actual drawdown - K2,054,558

Actual expenditure - (Nil)

IFA signed on 18 June 2012. Financial training for the project staff was done on 19 June 2012.

Cross Cutting Issues

Implementation workshop completed. Nominated issues gender, child protection, disability and HIV/AIDS. CCI committee in place. Developed policies in Gender, Child Protection and Disability.

Unexpected events and lessons learnt

- In-house draftsman engaged to do drawings for new works
- Developed an extensive program in child protection. Development of parental skill kit.

Sideia Health Centre, Milne Bay Province: Project number: 020

Project name: Sideia Health Centre Infrastructure Development Project

Start date: 26 June 2012/ Project completion date: 30 November 2013

Total project funding: K5,197,562/Counterpart contribution: K30,700

Development priority: Health

Expected development outcomes

- Decrease in maternal deaths from pregnancy related illness in the rural areas, through increased ante-natal clinic services (antenatal coverage increased from 44.6% to 56.3% by the end of 2014) and increased number of attended births at Health Centres.
- Increased coverage of well-baby clinics to 80% by the end of 2014.
- Increased proportion of children immunised (as per percentages p 29 of detailed proposal).
- Increased screening and detection of vision impairments per year from 500 to 1000 at the end of 2014.
- Staff satisfaction with accommodations and health centre facilities increased from before facilities completed to 3 months after completion, including staff morale. A baseline survey should be conducted before 31 August 2012.
- Staff and contractors have a greater understanding of core concepts for gender, HIV/AIDS, child protection and disability after the awareness training provided by the project. CCI activities – a baseline measure is required against which the expected development outcomes can be compared.

Progress/Outputs

Sourcing of project personnel commenced with Sideia Health Centre project team reviewing terms of references and CVs of potential project managers with guidance from the IF team. All documentation works for projects is still ongoing.

Monitoring and Evaluation

- IFA signed on the 26 June 2012.
- Implementation workshop conducted and facilitated by the IF team from the 26th – 29th June 2012.

Finance

Actual drawdown - K2,416,761

Actual expenditure - (Nil)

Financial training for the project staff was done on 27 June 2012.

Cross Cutting Issues

Completed Implementation workshop on CCI in June 27th. CCI committee formed at the Diocese level. CCI stocktake in progress. CCI pre measure baseline has been discussed with project manager and CCI committee and their supporting role to Sideia Health Centre (SHC). SHC nominated Child protection and HIVAIDS as focus issues.

Unexpected events and lessons learnt

Nil

Annex 6: Major outputs and expected development outcomes (June 2012)

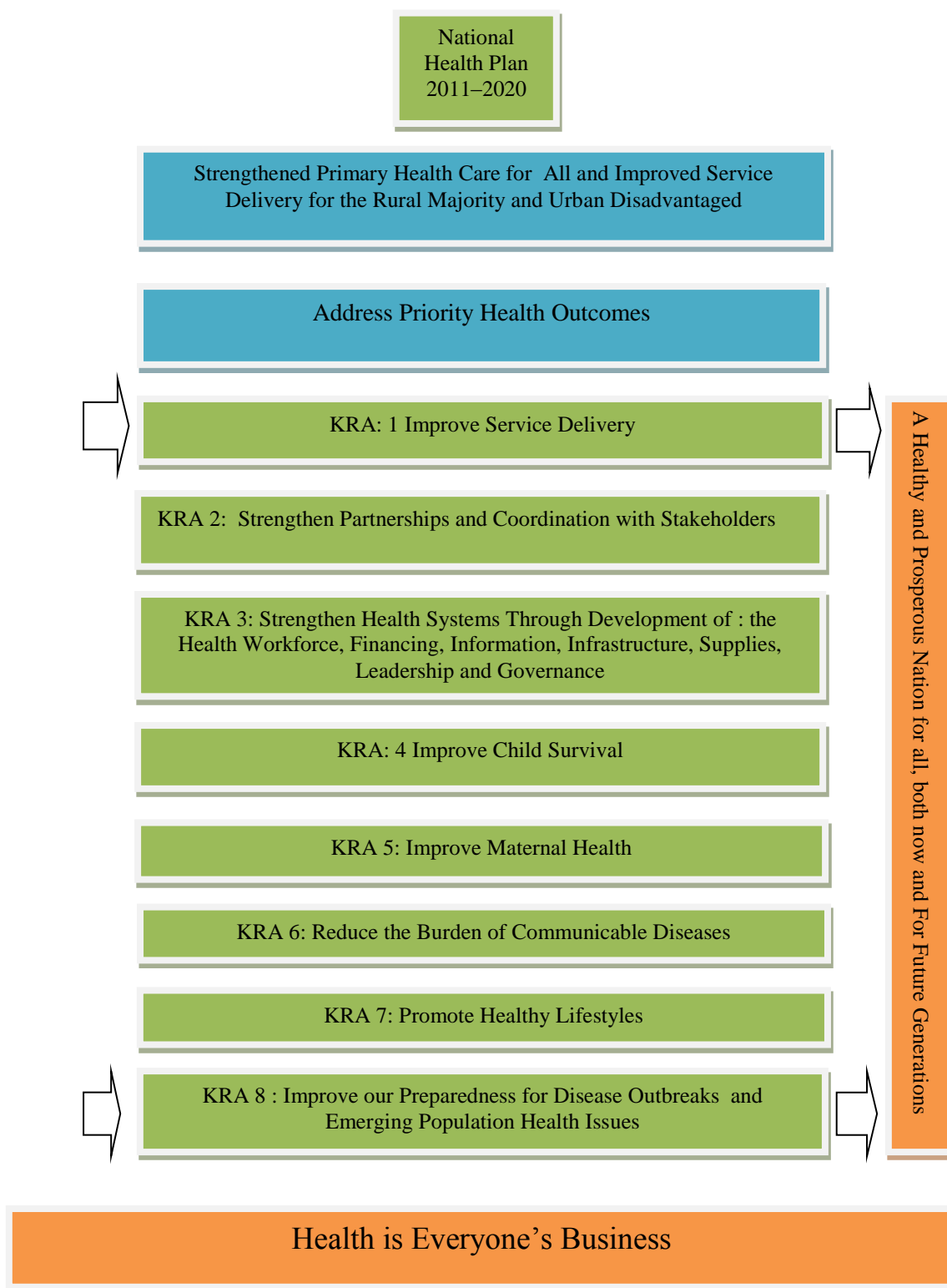
Health: 01/07/10 - 30/06/12	New	Refurbished	Total	Expected Program Development Outcomes
	No of Units	No of Units	No Of Units	
Hospital wards	10	3	13	<ul style="list-style-type: none"> Increases in the number of people accessing health treatment in five Provinces Decrease in infant, child and maternal deaths in 4 districts of Madang Province, Alotau and Milne Bay Province Improved maternal and child health treatment in Kokopo / East New Britain Increase in attended births and ante natal care and post-natal care in 4 Districts of Madang Improvement in infant immunisation in 4 districts of Madang Reduced number of TB drug resistance cases and increase in TB compliance rates in Milne Bay Province Improved patient nursing outcomes through increased number of single nurses accommodation available at Alotau, Vanimo and St Mary's hospital for emergency and other wards Improved hospital care in MBP, Sandaun, ENB, WHP, Jiwaka Staff, patients and key stakeholders in all health Projects have a better understanding of and provide improved services in the areas of HIV/AIDS, gender, child protection and disability.
Specialist wards/clinics/labs	7	3	10	
Administration blocks	3	1	4	
Meri waiting houses	3		3	
Senior Management offices	10		10	
Staff dormitory beds (female)	71	28	99	
Staff houses	69	5	74	
Aid posts/community health posts	10		10	
Conference facilities	1		1	
Social Support Services building	1		1	
Ablution block	1	1	1	
Health services clinic/Health Centre	4	3	7	
Store	1		1	
Hydro-electric system	1		1	
Ambulance	1		1	
Water tanks	102		102	
Water supply	1		1	
Solar power	1		1	
Jetty	1		1	

Education: 01/07/10 - 30/06/12	New	Refurbished	Total	Expected Program Development Outcomes
	No of Units	No of Units	No of Units	
Classrooms	35	35	Classrooms	<ul style="list-style-type: none"> • 400-500 new places available in senior secondary schools for young women, including TVET and academic courses • Improved academic performance on part of young men and women leading to increased graduation to tertiary and trade education in Central, WHP, ENB, MBPD, NCD • 400-500 new places in senior secondary school/TVET opportunities for young men • Improved access to tertiary education in Divine Word and Pacific Adventist University, • Improved access by employers to business graduates for PNG organisations • PNGMC continues to provide world class training to Pacific Island seafarers • Increased economic activity among smallholders and men and women farmers in New Guinea Island region and whole of PNG as a result of agricultural research, advice and information from NARI (ie diversity of crops and better yield)
Teachers houses	20	17	3	
Student dormitory beds				
# Female	606	222	828	
# Male	511		511	
Staff offices	2	2	Staff offices	
Trade workshops, equipped	6		6	
Laundry/ablution blocks	5		5	
Kitchens	2	2	4	
Administration building	3	2	5	
Student lecture theatres	3		3	
Conference room	1		1	
Staff room	1		1	
Meeting rooms/conference centre	11		11	
Computers	100		100	
Computer laboratory/IT centre	2		2	
Post Graduate study room	1		1	
Cafeteria/dining hall	2	2	4	
Cool store	1		1	
Toilet blocks	4	1	5	
Store rooms	2		2	
Health & food tech Centre	1		1	
Laundry	1	1	2	
Offshore rescue training centre	1		1	
Research Library/library	3		3	
IT Centre	1		1	
Water reticulation upgrade	2	3	5	
Water tanks	63		63	
Polaris Simulator	1		1	
Access road and courtyard	1		1	
Student counselling clinic	2	1	3	
Security fence	2		2	
Scientific laboratories	4		4	
Guest house	1		1	

Annex 7: The Incentive Fund Team

Position	Name
Program Manager	Paul Constable
Deputy Program Manager	Justice Gua
Development Specialists: Construction and Procurement	Hassan Romaso Lincoln Sauwa
Regional Infrastructure Specialists	Kuyao Orotu (Milne Bay) Francis Numboin (Mt Hagen) Madang
Development Specialist : Organisational Development	Josephine Gena
Development Specialist: Performance Management, M&E and Research	Jenny Rush
Finance Manager	Lisania Bolelu
Finance Officer 1	Nolene James
Finance Officer 2	Tina Wamilat
Logistics and Administration Officer	Elise Marjen
Program Support	Kathleen Tokilvila
Office Manager	Fiona Manape
Receptionist/Administration Assistant	Elise Yapen
Driver/Office Assistant	Jeff Fae
Office Assistant/Cleaner	Esther Oruba

Annex 8: National Health Plan Framework



Annex 9: Bibliography

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