



Australian Government

Department of Foreign Affairs and Trade

# Aid Program Performance Report 2014-15

Papua New Guinea

November 2015

## Key Messages

Australia's aid expenditure in 2014-15 (\$528.4 million) continued to support reforms and service delivery in Papua New Guinea (PNG) across four key sectors: health and HIV, education, transport and law and justice. We also provided support to governance, private sector development, gender equality and disability inclusive development as key cross cutting issues.

The Australian aid program in PNG is currently implemented in accordance with the [PNG-Australia Partnership for Development \(2008\)](#) and the [Joint Understanding between Australia and Papua New Guinea on further bilateral cooperation on health, education and law and order \(2013\)](#). Together, these set out mutually agreed priorities and commitments for PNG and Australia to work together on, to improve development outcomes for all Papua New Guineans.

The 2014 PNG Aid Assessment ([A new direction for aid in PNG: refocusing Australian aid to help unlock PNG's economic potential](#)) considered ways in which Australia's aid program could more closely align with both governments' priorities. This included options to better address key constraints to economic growth and equitable development in PNG. The recommendations of this Assessment were agreed by the Australian and PNG Governments in 2014 and represent a strategic shift in Australia's approach to aid in PNG. Consistent with the directions set out in Australia's aid policy ([Australian aid: promoting prosperity, reducing poverty, enhancing stability](#)) the outcomes of the Assessment are guiding where and how Australian aid is spent in PNG.

Key shifts during the reporting period include:

- Given PNG's sovereign responsibility and financial ability to undertake basic service delivery, we increasingly focused our efforts in the health, education, infrastructure and law and justice sectors to further develop PNG's own capacity to deliver services to its population using its own resources.
- An increase in initiatives focused on private sector-led growth and aid for trade.
- Expanded partnerships with the private sector, including engaging with business.
- Augmented policing and public sector capacity-building assistance, including through the reshaping of the Australian Federal Police (AFP) deployment to PNG and the establishment of the new Pacific Leadership and Governance Precinct.
- Expanded support to women's empowerment through an increased focus on women's effective participation in the economy; women's leadership in public and community life; and improved security in public and private spaces.

Australia's aid investments largely worked as intended, however, the results for Australia's aid program to PNG in 2014-15 varied between sectors. Our support to transport infrastructure reflected consistent progress against our program objectives. Modest gains were made from health, education and law and justice investments. The challenging political and security environment in PNG limited the achievement of outcomes for Australian-supported activities in the governance sector. Disability-inclusive development continues to be an area requiring additional focus, but PNG's launching of the National Policy on Disability 2015-25 in May 2015 (developed with Australia's support) was a notable achievement. There was encouraging progress in the implementation of our programs supporting gender equality and women's empowerment, and in the development of a PNG Private Sector Development Framework which has been agreed between governments.

Our aid investments in the Autonomous Region of Bougainville worked to support stability and prosperity as the Governments of PNG and Bougainville continue to implement autonomy and other arrangements under the 2001 Bougainville Peace Agreement.

A key constraint to effectively and consistently tracking performance across Australia's aid investments in PNG has been the need for better defined performance benchmarks for Australia's contribution to many sectors. We also need to articulate how these benchmarks interact with the Government of PNG's own development goals. The availability of timely and accurate data sets upon which to base an assessment of progress against benchmarks also remains a challenge.

A new bilateral Aid Partnership is expected to be agreed between the Governments of Australia and PNG in 2015-16. It will align with the priorities outlined in DFAT's new [PNG Aid Investment Plan](#) and in PNG's [Medium Term Development Plan 2 \(2016-17\)](#). Australia and PNG will agree to benchmarks and mutual obligations for the PNG aid program through the new Aid Partnership, including schedules for education, health, law and justice, transport and governance. Gender equality and women's empowerment outcomes will be more clearly defined and measured, and there will be an increased focus on private sector development. Whole of Australian Government Sector Investment Plans and sector-level performance assessment frameworks will also be developed to inform allocations for investments so it is clear how each investment contributes to overall results.

The Australian Government provides approximately 68 per cent of the total Official Development Assistance that PNG receives. The other main bilateral donors include New Zealand, Japan, the European Union and the United States of America. Australia will continue to engage with China in PNG as it begins to play a more significant and active role as an emerging donor. Multilateral partners are critical to development in PNG including, the Asia Development Bank, the World Bank and the Global Fund to Fight AIDS, Tuberculosis and Malaria.

## Context

Australia values its longstanding ties with PNG – we have a shared history and a shared geography. A stable and prosperous PNG is in Australia's interest.

PNG has experienced robust economic growth for over a decade, with expanding formal employment opportunities and strong growth in government expenditure and revenues. This economic performance has been driven by high international prices for PNG's mining and agricultural exports, and in more recent years construction activity related to the liquefied natural gas (LNG) project. In 2015, with the first full year of LNG exports, gross domestic product (GDP) growth is estimated at 11 per cent, although non-mining GDP growth estimates remains more subdued at a forecast 3.3 per cent.<sup>1</sup> However, given PNG's dependence on the natural resources sector, it now faces significant fiscal challenges with declining international commodity prices and increasing public debt levels.

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<sup>1</sup> PNG Department of Treasury, 2015, *Mid-Year Economic and Fiscal Outlook Report 2015*  
[http://www.treasury.gov.pg/html/national\\_budget/files/2012/budget\\_html/related\\_budget\\_documents.htm](http://www.treasury.gov.pg/html/national_budget/files/2012/budget_html/related_budget_documents.htm)

PNG's strong overall growth has not translated into equitable development for Papua New Guineans. PNG's poor law and order, lack of infrastructure, dispersed geography, complex governance arrangements, weak public service, inequality between men and women, poor health and education services, and rapidly growing population are challenges to its future prosperity. PNG is also vulnerable to natural disasters including earthquakes, volcanic eruptions, and extreme weather events.

PNG will not meet any of the [Millennium Development Goals](#) (MDGs). Over three million people – or 40 per cent of the population – remain poor and/or face hardship:

- Malnutrition rates are high (45 per cent of children stunted and 14 per cent wasting).
- Around 80 per cent of the population reside in traditional rural and remote coastal communities and secure their livelihoods from subsistence farming, fishing and small-scale cash cropping.
- Life expectancy is only 62 years (compared with 60 years in 2005) and infant mortality is 47.3 per 1,000 live births (compared with 51.5 per 1,000 in 2005).
- Women and girls suffer unacceptably high death rates related to pregnancy and childbirth, and the majority experience sexual and family violence.
- It is estimated that around 15 per cent of the population has some form of disability.

Despite these development challenges, PNG is seeking to achieve upper middle-income country status by 2050.<sup>2</sup> Sector priorities, as set out in the PNG Government's [2012 Alotau Accord](#), include education, health, law and justice, infrastructure and sustainable economic growth. PNG's economic growth agenda focuses upon investments in 'high impact infrastructure' – key roads, ports, power, and hospitals; job skills development; and partnering with the private sector, including supporting its role in service delivery.

PNG has a strong focus on improving service delivery at the local level through the introduction of District Development Authorities (DDAs). While this process is intended to consolidate greater financial resources at the district level, providing effective assistance at the sub-national level may be challenging.

PNG's decade of economic expansion has led to a reduction in the comparative size of Australian aid as a contributor to PNG's development budget. At independence in 1975, Australian aid represented 40 per cent of PNG's budget, but today it represents around 8 per cent, even as Australia remains PNG's largest bilateral aid donor. As such, Australia's aid investment must increasingly focus on assisting PNG to mobilise its own resources to support growth and deliver services to its people.

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<sup>2</sup> PNG National Strategic Plan Taskforce, 2011, *Papua New Guinea Vision 2050*, <http://www.treasury.gov.pg/html/publications/publications.html>

## Expenditure

**Table 1 Total ODA Expenditure in FY 2014-15**

Objective	\$ million	% of total ODA
<i>Bilateral</i>		
Objective 1 – Improved health and HIV/AIDs outcomes	99.9	18.9%
Objective 2 - Improved access to quality education at all levels	63.9	12.1%
Objective 3 - Improved law and justice	26.3	5.0%
Objective 4 - Improved transport services to facilitate social and economic development	71.2	13.5%
Objective 5 - Strengthened governance	112.7	21.3%
Other (Gender, Humanitarian, Program Support, Private Sector and Bougainville)	76.6	14.5%
<b>Sub-Total Bilateral</b>	<b>450.6</b>	<b>85.3%</b>
Regional and Global	42.6	8.1%
Other Government Departments	35.2	6.7%
<b>Total ODA Expenditure</b>	<b>528.4</b>	<b>100.0%</b>

## Progress towards Objectives

This APPR reports on performance against agreed objectives under the 2008 PNG-Australia Partnership for Development and individual Aid Quality Check ratings over 2014-15. There are currently no specific schedules for governance, gender equality, disability and private sector development. Reflecting the priorities of the Australian Government's new aid policy, private sector development has been included as a cross-cutting issue for the first time. Assistance to the Autonomous Region of Bougainville is not rated separately as these activities are assessed under Objectives and Cross-cutting issues sections below.

**Table 2 Rating of the Program's Progress towards Australia's Aid Objectives**

Objective	Previous Rating	Current Rating
Objective 1 – Improved health and HIV/AIDs outcomes	Amber	Amber
Objective 2 – Improved access to quality education at all levels	Amber	Amber
Objective 3 – Improved law and justice	Amber	Amber
Objective 4 – Improved transport services to facilitate social and economic development	Green	Green
Objective 5 – Strengthened governance	Amber	Amber
<u>Cross-cutting</u>		
Gender equality and women's empowerment	Amber	Amber
Disability-inclusive development	Amber	Amber
Private Sector development	Not rated	Green
<u>Additional assistance</u>		
Bougainville	Not rated	Not rated

**Note:**

■ Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

## Objective 1 – Improved health and HIV/AIDs outcomes

Progress has continued in many areas, however, the most recent national health information system data (2013) shows static or declining performance against key maternal and child health indicators. The challenges in the health and HIV sector are immense and PNG will not meet MDG 3 (promotion of gender equality), MDG 4 (reduced child mortality), MDG 5 (improved maternal health), or MDG 6 (combat HIV/AIDS, malaria and other diseases).

Our shared goal in the Partnership for Development is 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 strengthen prevention and improve access to treatment for HIV/AIDS, tuberculosis (TB) and malaria.

In 2014-15, the PNG Government continued to indicate commitment to health expenditure, increasing the nominal budget for health from PGK1.4 billion in 2014 to PGK1.7 billion in 2015. Systematic capacity constraints such as poor public financial management are continuing to prevent the full and effective use of these funds.

### Australia's contribution

In 2014-15, Australia invested approximately \$100 million to improve health outcomes in PNG, through five initiatives: financing; procurement; capacity development and service delivery; multilateral partnerships; and in-country scholarships.

In line with the Health Delivery Strategy, Australia's aid program has directly contributed to providing health services for women and children. Australian support resulted in 12,437 women accessing rural outreach services provided by Susu Mamas and Marie Stopes International reached 14,666 clients with permanent and short-term family planning methods. However, while skilled birth attendance progress is partially on track at 44 per cent, use of family planning across PNG appeared to drop by more than 50 per cent between 2009 and 2013. Child health targets are similarly partially on track – although a reported drop in the vaccination rates (from 69 per cent in 2013 to 65 per cent in 2014 for measles vaccination) has been affected by an increase in the target population estimate used.

In 2014, Australia supported the distribution of over 3.7 million condoms, and HIV testing for 78,737 people (39.7 per cent of all national testing), including 43,414 pregnant women. Increasing access to anti-retroviral drugs is on track, but the proportion of HIV-positive pregnant women accessing treatment (55 per cent) is well below the target (80 per cent). Australian investment in Western Province for TB control has seen improvements in diagnosis and treatment of both drug sensitive and drug resistant TB and progress has also been made in establishing and convening TB governance and coordination forums. However National TB program targets cannot be assessed, as the National Tuberculosis Program has not yet released 2014 data. National malaria program targets are on track to be achieved, with continued reductions in malaria incidence. Implementation of the PNG, Australia and China trilateral malaria cooperation program will start in early 2016.

Financing of the health sector has continued to improve, but pace has slowed. PNG's budget included an increase to funding for Christian Health Services (following an Australian-supported technical assistance mission in 2013), which is expected to have a major impact on rural health facility performance. However Australia's other budget priorities (health workforce, TB response, and the redevelopment of ANGAU Hospital) did not receive sufficient funding from the Government of PNG.

Health workforce pre-service performance targets are on track, with 297 midwifery, 297 nursing, and 350 Community Health Worker scholarships awarded in 2014-15. Health

workforce training predominantly benefits women (71 per cent), increasing their access to promotion and employment opportunities. Australian support has also contributed to improving the quality of the midwifery curriculum, and increasing the registration of trained midwives.

Through support to the Asian Development Bank's Rural Primary Health Services Development Program (RPHSDP), Australia contributed to the development of the National Health Sector Gender Policy and plans, review of clinical guidelines for responding to sexual violence, and a curriculum to improve health worker skills. Family and Sexual Violence prevention and care courses were also reviewed to ensure they can be appropriately used in catchment villages.

Infrastructure performance targets are progressing towards expected outputs. The Master Plan for the ANGAU Hospital was completed in June 2015. A consultancy for an analysis of the financing options for PNG and Australia to jointly fund the reconstruction of the ANGAU Hospital is underway and the initial recommendations were presented in June 2015. Australia continued to invest in health worker training school infrastructure to increase the PNG health workforce, including completion of a new midwifery school at St Mary's School of Nursing.

### **Key risks and challenges**

There is a highly effective working relationship between the Australian health program and PNG national partners, principally the National Department of Health (NDoH). Improving health governance remains complex, however, with the NDoH disbanding the Health Sector Partnership Committee due to poor performance. The Government of PNG has delayed the roll-out of new Provincial Health Authorities (PHA) pending a second Australian-funded independent review, and it remains unclear if the PHA Act will be repealed in favour of transferring health functions to the District Development Authorities.

In 2014, the Health and HIV program commissioned an independent assessment of its aid portfolio over 2011-14. The evaluation concluded that Australia has largely delivered on its broad and ambitious PNG-Australia Health Delivery Strategy 2011-15. The assessment recommended that reproductive, maternal and child health should remain the core focus of the program, but that more could be achieved in the longer term with stronger accountability mechanisms, and a gradual move to greater Government of PNG oversight and management

The ability to achieve progress in areas including health workforce, TB, and the redevelopment of the ANGAU Hospital rely on continued and increased funding from the Government of PNG. While Australia welcomed the initial increase to PNG's health budget in 2015, it was subsequently reduced in July to PGK1.3 billion. Underperformance, lack of financial reporting, land acquisition for development, and agencies not meeting their co-financing commitments are the main risks to the program. These continue to be managed through active engagement by DFAT with relevant stakeholders, and stronger program management by DFAT.

### **Objective 2 – Improved access to quality education at all levels**

There has been notable progress against some program objectives (for example, exceeding the target for Australia Awards going to women), however, it has been difficult to quantify progress in other areas.

Under the Partnership for Development, Australia and PNG agreed 'to pursue significant measurable progress towards the achievement of Universal Basic Education and improve access to quality education at basic, secondary, technical and tertiary education levels by 2015'. The challenges in the education sector in PNG are immense and PNG will not meet MDG 2 (universal basic education). Our education program is broad in scope and reflects the needs

across the sector: we fund technical assistance to sector governance, infrastructure, scholarships, internationally recognised vocational training, provide targeted budget support and support analysis of data in areas of policy priority.

Australia works with multiple stakeholders in government, private sector and civil society. In particular, we manage large and multi-faceted relationships with the National Department of Education (DoE) and the National Department of Higher Education Science Research and Training (DHERST) – the key policy makers and financiers of the education sector. Australia supported both departments to deliver key policy initiatives, including the Tuition Fee Free policy and the quality assessments for universities. In addition, the program has continued to support both departments on fundamental program delivery to improve access to and quality of education in PNG. Australia worked with the private sector to explore future areas of partnership, particularly in the TVET sector, and delivered the Australia Awards scholarships program. We also provided a targeted package of support to Manus and Bougainville.

### **Australia's contribution**

In 2014-15, Australia invested approximately \$75 million towards improved education outcomes for students in PNG, delivered across the basic, secondary, technical and higher education sectors.

Some notable achievements of the program in 2014-15 include:

- 55 per cent of scholarships to study in Australia were awarded to women (primarily in the health sector). This exceeded the target of 50 per cent set in 2014, and will increase the cadre of highly educated PNG women able to contribute to PNG's development.
- Policy dialogue and technical assistance to support the delivery of the National Education Plan 2015-20 and the National Training and Higher Education Plan 2015-19. These documents set the strategy for the education sector over the next five years.
- Construction (in line with NDoE specifications) of 80 double classrooms, 40 teacher houses and 48 ablution blocks for boys and girls, in areas of need identified by provincial authorities, helping the DoE to meet critical infrastructure gaps at schools and provide safe spaces for learning for around 3,200 students, especially for girls.
- Strengthened teacher quality through the development of the competency of 50 language lecturers at teacher colleges.
- Support for 5,000 student teachers to improve their competency in teaching reading, writing, speaking and listening.
- Supporting the drafting of the 2015 Pacific Island Literacy and Numeracy Assessment, and the National Quality Schools Standards Framework.
- Improved Information and Communications Technology planning and infrastructure for schools, resulting in improved data for education sector budgeting and evidence based policy making.
- Completion of the quality assessment process of universities, and support to universities to develop quality improvement action plans.
- 327 Papua New Guineans (71 women) graduated from the Australian Pacific Technical College (APTC) campus in Port Moresby in 2014-15. A further 48 Papua New Guineans graduated from APTC campuses across the Pacific.



## **Key risks and challenges**

While some progress is being made, PNG's education system continues to face numerous challenges, including low retention rates; barriers to access, particularly for girls; and poor results from learning assessments. While increased enrolment is encouraging, the proportion of students able to progress through the system remains low – out of every 100 students who start elementary schools, only 8 boys and 5 girls will finish Grade 12. For 2014 and 2015 PNG has been without a national curriculum for basic education.

Against the challenges for system capacity, PNG is pushing ahead with a free education policy, and has a rapidly growing population of young people. The numbers of enrolments in basic education have consistently increased in real terms each year since 2011. Despite this, there are still more boys than girls enrolled in school, which suggests the need for targeted interventions to improve gender parity, and not just a general mainstreaming approach. Fewer than 40 per cent of students in each year level are of the correct age. It is now increasingly likely that older youths and young adults will attend the same classes as 6-12 year old children, which exacerbates risks associated with child protection.

Since 2011, the PNG education budget has matched the rapid increases in enrolments, and still resulted in an increase in funding per student in real terms. However, the fiscal situation in PNG and the political nature of the education policy space continues to remain a risk to stable and effective program delivery. The National Education Plan sets ambitious targets for improving access to quality education in PNG, and there is a risk the education budget will not be able to maintain the trajectory of current growth, or adequately finance the implementation of the plan. This poses difficulty for sustained policy dialogue with the national departments but an opportunity to work with increasingly well-resourced sub-national authorities.

## **Objective 3 – Improved law and justice**

While the law and justice program had a number of achievements, it continues to be difficult to attribute progress against outcome areas identified under the Partnership for Development to Australia's support alone.

The PNG Government's long-term goal for the justice sector is 'a just, safe and secure society for all'. Law and justice is a priority sector under PNG's Mid-Term Development Plan 2 (2016-2017). The shared Australia-PNG goal, identified in the Partnership for Development, is 'improved law and justice'. The Partnership specifies that Australia's four priority outcomes are: communities will have improved security with police better trained and better resourced to maintain law and order; victims of family and sexual violence will have improved recourse and protection; women and men will have increased access to justice; and PNG will have enhanced ability to prevent and combat corruption. Australia's assistance was provided through programs delivered by DFAT (through the PNG-Australia Law and Justice Partnership), the Australian Federal Police (AFP), Attorney-General's Department (AGD) and Australian Transaction Reports and Analysis Centre (AUSTRAC).

## **Australia's Contribution**

In 2014-15, Australia invested approximately \$72.5 million in the law and justice sector. This represents only a small proportion of the total 2015 PNG law and justice sector budget of approximately \$650 million (K1.29 billion) (not including defence). The sector continues to face many challenges, including chronic underfunding of the police and law and justice agencies, low

trust in them by the community, and difficulties in coordination. Nevertheless, in 2014-15 Australia contributed to some significant achievements.

Australia contributed to improved security and policing in PNG, with 73 AFP officers (including unsworn civilian staff and contractors) working closely with counterparts in Port Moresby and Lae to improve police capacity. Australia supported extensive police infrastructure and training activities, including the Autonomous Region of Bougainville. We delivered training to 1,175 police officers (221 women) and to 2,906 other law and justice officials (917 women). The AFP supported an overhaul of the curriculum at Bomana Police Training College to bring it in line with current policing methods and added modules on gender, ethics, accountability and leadership. 560 recruits (83 females) graduated from the College in 2014, compared to 229 (46 women) in 2013. Australia constructed and/or refurbished two law and justice sector agency offices, seven police barracks, eight houses for law and justice officials, two training facilities, four NCD police buildings and Lae Police Headquarters and one Family Support Centre. Together with the completion of security and related enhancements to existing facilities, these projects helped meet critical infrastructure needs and enable increased access to law and justice services. Despite these achievements, the 2015 Community Perception Survey highlights that up to 50 per cent of people still do not trust the police. Respect for police in Port Moresby and Lae remains quite high and perceptions of their visibility have improved. However people's trust in police, and their belief that police are honest and treat people fairly, has declined since 2013.

Australia helped survivors of violence receive improved recourse and protection. By June 2015, DFAT had supported PNG to establish 15 Family and Sexual Violence Units (FSVUs) and four Family and Sexual Violence Desks in police stations across the country. Since 2010, over 35,800 survivors of violence, mostly women, have received support from these units, including counselling, medical referral and prosecution support. In 2014, 11,272 (mostly female) survivors of violence received services, up 20 per cent from 2013. In 2014, District Court Magistrates granted and completed more Interim Protection Orders, which provide legal protection to women from violence and abuse. The number of completed Interim Protection Orders increased from 67.7 per cent in 2013 to 71.8 per cent in 2014. Australian training for judicial officers and staff increased their knowledge of the PNG Family Protection Act. Despite this, obtaining convictions for family and sexual violence offences remains very challenging. Attorney-General's Department (AGD) Strongim Gavman Program (SGP) deployees and the AFP continue to work with PNG counterparts to address barriers.

DFAT contributed to improved access to justice including through the network of 1,525 Village Courts, and over 16,775 Village Court officials across PNG. In 2014, DFAT supported a comprehensive review of the Village Court training curriculum, with a revised curriculum now delivered to 992 Village Court officials across PNG. This is enabling around 459,000 people to access better standards of justice. Eleven SGP officers from AGD continued to provide support for PNG law and justice agencies, contributing to strategic law and justice priorities and supporting improvements in capacity and leadership within these offices. Notably, the proportion of women in law and justice agencies has increased significantly with Australian support. For example, in the Office of the Public Prosecutor, 44 per cent of lawyers are female. DFAT's support for the PNG Legal Training Institute resulted in a record number of legal practitioners graduating and being admitted in March 2015 (110), including the highest number of females since independence (43). Many law and justice officials are also benefiting from ongoing legal education and leadership training provided by DFAT. An innovative partnership with Exxon-Mobil for a Community Safety Adviser in Hela Province is facilitating the delivery of more effective law and justice services in the province.

A review of Australian funded infrastructure in 2014 found that Australia's assistance is improving access (though not necessarily quality) of law and justice services. Despite these achievements, access to justice remains an issue for many people in PNG, with access limited by distance and cost in particular.

Corruption is a serious issue for PNG. Australia supported PNG-led efforts to combat corruption, including through the joint efforts of the AGD SGP law and justice advisers and the DFAT-funded AGD-AUSTRAC Combating Corruption program. In February 2014, PNG was publically grey listed by the Financial Action Task Force (FATF) as having serious deficiencies in its anti-money laundering regime. SGP and the Combating Corruption program are assisting PNG to meet its targets against its FATF Action Plan, with progress reviewed favourably by the Regional Review Group in early 2015. Through SGP, Australia also supported the PNG Department of Justice and Attorney General to finalise the bill to establish an Independent Commission Against Corruption (ICAC). The Government of PNG noted its commitment to introduce the bill into Parliament in PNG's Medium Term Development Plan 2 (2016-2017).

To improve the coordination, monitoring and reporting on Australia's assistance, Australia has established a whole-of-Australian-Government Law and Justice Sector Investment Plan. This key program management tool will assist DFAT to coordinate Australia's assistance in the sector with our partners and help to monitor and report on progress.

### **Key Risks and Challenges**

Improving outcomes in PNG's law and justice sector is affected by a wide range of factors. High rates of crime coupled with low levels of trust by the community (especially women and children) and businesses in the police and judiciary remains a challenge. Failure to enforce the law is seen as a cause as well as a consequence of increasing corruption. The per capita numbers of police, judicial and other law and justice officials remain very low by international and regional standards. While recruitment of more police is a PNG Government priority, the capacity to provide the necessary support for them, including via housing is very limited. Setting strategic priorities and coordinating across the sector is a particular challenge given the large number of constitutionally independent PNG agencies involved. PNG budget constraints will affect the ability of agencies to deliver core services, let alone additional activities.

### **Objective 4 – Improved transport services**

The transport infrastructure sector has delivered on its commitments, notwithstanding persistent challenges. Australia achieved green ratings against the Partnership for Development targets to achieve '75 per cent of the 16 National Priority roads in "good" condition' and have 'aviation and maritime transport services consistently moving towards full compliance with international safety and security standards'. The green rating for the first target reflects solid progress against the program objectives alongside a proposed recasting of this target ahead of the new Aid Partnership.

In 2015, the PNG Government allocated PGK1.8 billion to the PNG transport sector in its annual budget, an increase of approximately 30 per cent from the 2014 budget. Australia's investment during 2014-15 was a small proportion of this, at approximately \$72.5 million (PGK140 million).

Australia's support to PNG's transport sector is part of a long term strategy to strengthen the sector as a vital contributor to PNG's development and economic growth. This support aligns with PNG's priorities as set out in the National Transport Sector (NTS) and Medium Term Transport Plan (MTTP) and is guided by priorities identified in the Partnership for Development.

## **Australia's Contribution**

Australia's support to transport infrastructure focuses on: maintenance and rehabilitation of PNG's national priority roads; improvement of aviation and maritime safety and security standards; and operational reforms to improve the performance of transport sector agencies. Australian assistance to the sector is delivered through an integrated program that includes the Transport Sector Support Program (TSSP), Whole of (Australian) Government support through SGP and the PNG-Australia Transport Memorandum of Understanding.

In 2014, Australia maintained and rehabilitated 2125km of National Priority Roads (including in Bougainville) which play a vital role in promoting access to services and reducing the cost of doing business. Australia's support for the Visual Road Condition Survey (VRCS) has yielded results in the PNG Department of Works with more than 6,000 km of video footage of PNG's national road network recorded (this represents almost 75 per cent of the national priority road network). VRCS data will give PNG evidence to more accurately report on road network conditions.

Australia and PNG share an airspace boundary across which more than 70 aircraft pass every day, representing about 17 per cent of Australia's international air traffic. Australia has played a significant role in PNG's recent aviation and maritime policy reforms, helping PNG progress towards international best practice in aviation and maritime safety. The World Geodetic System 1984 project, funded by the Australian Government, enables PNG to fulfil an essential aviation safety requirement to assist pilots to accurately reference points of interest. The project included a full survey of PNG's 29 major airports. PNG aeronautical charts, which are a critical safety requirement for aviators to navigate across the skies, are now being updated based on the information provided through this project.

## **Key Risks and Challenges**

In light of the increasingly constrained fiscal environment, continued efforts are required to promote a targeted approach to public infrastructure investments; a life-cycle approach to asset management; improved approaches to procurement, contract and quality management; and to enhance the sector's ability to leverage funds from a variety of sources to improve and maintain its assets across the land, aviation and maritime sectors. Limited institutional capacity and ongoing delays in procurement and contracting of major projects may also affect progress towards agreed targets. Agency Support Arrangements between DFAT and respective transport agencies will allow TSSP to address some of these key constraints through targeted support. For example, TSSP's support for tailored executive programs to improve corporate accountability and for workforce planning and trainee driven recruitment will help build institutional capacity. TSSP also continues to work with counterpart departments to improve procurement practice.

It has been difficult to effectively track how activities are addressing gender and disability, and as such this will be a focus area for improvement in 2015-16.

## **Objective 5 – Strengthened governance**

While gains have been made, PNG continues to face a range of ongoing governance challenges. There have been improvements in program performance across most individual investments within the governance portfolio, however these have not been sufficient to lift the overall rating for this objective.

Improved governance will increase PNG's stability and prosperity, which is in Australia's national interest, however this remains a difficult and a long term challenge. Australia's governance programs contribute to joint priorities set out in the Partnership for Development, which are aimed at supporting and building demand for effective governance. The scope of Australia's objective for improved governance includes macroeconomic stability; professionalisation of the PNG public service; improved public financial management; decentralised public administration; democratic elections; even greater private sector development; and service delivery through churches and civil society.

### **Australia's contribution**

During 2014-15, Australia's support for strengthened governance in PNG (totalling approximately \$112 million) was delivered through the following initiatives:

- Strongim Gavman Program (SGP)<sup>3</sup>
- Economic Public Sector Program (EPSP)
- Provincial and Local Level Government Program (PLGP)
- Electoral Support Program (ESP)
- Strongim Pipol Strongim Nesen (SPSN)
- Church Partnerships Program (CPP)
- The Kokoda Initiative
- The Pacific Leadership and Governance Precinct

Through budget and fiscal policy advice delivered through SGP (by the Department of Finance and the Treasury) and EPSP, Australia has supported the Government of PNG's efforts to manage the economy for macroeconomic stability. Support provided through both of these programs contributed to the PNG Tax Review (with new revenue policies expected to be introduced as part of the 2016 Budget), improved revenue collection practices, financial management processes (including the integration of the operational and capital budgets), auditing and the passing of legislation to underpin a PNG Sovereign Wealth Fund, the Kumul consolidation of state assets and a Public-Private Partnership Act. Support for border management, through customs and immigration assistance, has also improved the capability and effectiveness of PNG border services. Support through the Provincial and Local Level Government Program has contributed to stronger national monitoring and coordination of sub-national governments.

The Pacific Leadership and Governance Precinct was established in December 2014. The Precinct is providing public sector education and training through the University of PNG and the Institute of Public Administration to develop the next generation of ethical leaders in PNG. Within the reporting period, 125 UPNG School of Business Administration students (44 females) participated in courses led by a visiting Australian National University lecturer; 96 PNG public servants (26 females) received Australian-certified diploma level training in accounting and public administration through the IPA, in partnership with the Australia Public Service

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<sup>3</sup> As of 1 July 2014 all activities under the former Economic and Public Sector Governance Twinning initiative were rolled into the broader SGP investment. All further references to SGP also encompass short-term Twinning activities.

Commission (APSC). In total, over 300 public and private sector professionals (43 per cent female) have engaged in innovative short learning experiences. The University of Queensland and Australia-New Zealand School of Government (ANZSOG) have led discussions around leadership, business ethics, corruption and other issues relevant to PNG's leaders.

Australian electoral support to PNG was delivered by the Australian Electoral Commission (AEC) under a new phase of its partnership with the PNG Electoral Commission. The focus in 2014 was on improving PNGEC's approach to updating the electoral roll and included five electoral role update pilots across PNG. While the quality of the delivery of the pilots was mixed, they have supported preparations for PNG's next general election in 2017.

Key PNG civil society organisations received support to promote greater government accountability and community resilience, including the Consultative Implementation and Monitoring Council; Transparency International PNG (TIPNG); the Media for Development Initiative; City Mission PNG; Callan Services and Eastern Highlands Family Voice. TIPNG trained 9,106 young people (8,412 female) in rights/ leadership and good governance through the Open Parliament project and the Mike Manning Youth Against Corruption Camp. Australia supported the mainstream churches to develop a 'theology of gender' with a view to helping the church community improve women's influence and participation.

On Manus Island, Australia provided grants for youth and sport initiatives, enabling the Manus Games, which comprised 1,800 participants. Australia entered into a partnership with the Reef and Rainforest Research Centre to improve the resilience of the Central and Eastern villages in South Fly District in Western Province.

The Australian Government, through the EPSP, continues to support the roll-out of PNG's Gender and Social Inclusion Policy (GESI). This has yielded significant results such as the policy being included in the new Public Service Management Act in 2014; setting of targets to improve the numbers of women in leadership in the public service (30 per cent); and release of departmental budgets linked to the establishment of GESI desks to support women at work.

Supported by the SPSN program, the new national disability policy was launched in May 2015. The new policy has included collaboration with the Pacific Islands Forum Secretariat and PNG's Disability Working Group.

The Kokoda initiative remains a flagship element of our bilateral support. In 2014-15 the Kokoda Initiative continued to support the maintenance of the track, improve the quality of life for communities living and working along it, and help protect its natural and cultural resources.

In May 2015, the PNG and Australian Governments agreed to support five provinces and districts to pilot the implementation of District Development Authorities (DDAs) through the PLGP. Six Australian funded advisers have been deployed to the five provinces and districts to assist with implementation. The pilots provide an important opportunity to test the DDA approach, inform implementation of DDAs across PNG and determine how Australia can support PNG into the future. At the national level, assistance continues to be provided to the National Economic and Fiscal Commission, who are a key element of the management and direction of public finances at the sub-national level.

### **Key risks and challenges**

PNG continues to face a range of ongoing governance challenges, including poor accountability for public expenditure and service delivery outcomes, and a lack of service delivery and revenue collection capacity. Despite Australia's efforts and achievements in supporting public financial management reforms, PNG continues to face growing fiscal pressures. This is mainly due to dropping commodity prices, and is reflected by growing budget deficits. PNG's hosting of high-

profile international events in the near future will provide a further barrier to reducing expenditure. The introduction of DDAs will continue to be complex and challenging. To implement this agenda effectively, PNG will need to grapple with capacity limitations at the district level and redefine the roles of the national, provincial and local governments to ensure that monies and resources are effectively distributed. Throughout 2014-15 Australian assistance for the decentralised (sub-national) system of administration has been recalibrated to respond to these shifts; however this process will need to continue into 2015-16 and beyond.

### **Cross-cutting: Gender equality and women's empowerment**

While there were strong achievements in the Gender Equality/Gender Based Violence Program, delays to the planned support unit for Pacific Women Shaping Pacific Development for PNG limited the efficiency of this program. In addition, while 95 per cent of investments were assessed as effectively addressing gender, two initiatives (the Kokoda Initiative and SGP) were rated as less than adequate against the gender criteria.

The Australian Government recognises that gender equality and women's empowerment are essential to PNG's economic and human development. PNG's policy framework for gender equality includes the Vision 2050, PNG's Medium Term Development Plan 2 (2016-2017), the National Policy for Women and Gender Equality 2011-2015 and the National Public Service Gender Equity and Social Inclusion (GESI) Policy. The Partnership for Development specifically identifies gender equality as a fundamental and cross-cutting issue, and in 2014, the Australian and PNG Governments agreed as an outcome of the PNG Aid Assessment to expand support to women's empowerment.

In April 2015 both Governments agreed to the second PNG country plan for Pacific Women Shaping Pacific Development, a regional DFAT program which commits \$58 million over five years to enhancing women's voice in decision-making, leadership and peace-building; women's economic empowerment; and to ending violence against women and girls.

### **Australia's contribution**

Over the past year there has been an increased focus on gender equality and women's empowerment across Australia's investments in PNG. Assistance is delivered through sector programs as well as through the PNG Pacific Women program. Gender has gone from being relatively peripheral to being a key focus within investments. Gender equity is now more concretely incorporated into Partnership for Development schedules, which have, with the exception of transport, articulated gender targets.

Australian investments are addressing all three pillars of the Government of Australia gender equality policy: reducing violence and increasing access to support services; increasing women's economic empowerment; and strengthening women's leadership.

Australia's support for enhancing women's voice in leadership and decision-making assisted the PNG Government to adopt the GESI Policy, resulting in a renewed focus on gender equity within central government agencies. As well as helping to improve women's career paths and improve their safety at work, this assistance has contributed to a marked increase in the number of women in leadership positions, particularly within the law and justice and transport sectors. At the local government level, women's representation on district and ward councils remains a challenge. Australian investments have, in selected areas, supported women's active participation in community development initiatives. For example, in the Inclusive Development in Bougainville project, 20 of the 35 women who recently ran for Parliament in Bougainville elections had participated in the program.

Australia promoted women's economic empowerment through investments in the private sector and rural development. Australia has designed a variety of initiatives, within the private sector, to mentor female business leaders, integrate a gender perspective into product design and market research, improve women's financial literacy, and increase their access to finance and safe banking services. The Business Coalition for Women has developed a model policy on domestic violence for the business community. Two of the 60 Coalition members are implementing the policy, with more companies expected to follow.

The UN Women Safe Cities Program (\$9.7 million over 5 years, 2014-19) improved safety for women in Port Moresby produce markets so they can trade without fear of violence. Australia helped open up cash-cropping opportunities for women in the Eastern Highlands Province, with over 2,000 extension workers, farmers and family members trained on gender equity and diversity, family business management, and training and facilitation skills. Thirty two per cent were women, up from 10 per cent before DFAT provided support over the last year.

Australia is supporting the Government of PNG to eliminate violence against women and girls. This support has included: strengthening the national legal and policy framework to develop a Family and Sexual Violence whole of government strategy; writing the regulations for the Family Protection Act; providing technical assistance for the recently agreed National Action Plan to reduce sorcery related violence; improving the Family and Sexual Violence Action Committee's capacity for coordination and strategic planning; promoting attitude and behaviour change through mass media campaigns; supporting community-level advocacy and men's advocacy networks; increasing women's access to justice by strengthening police, prosecutorial court capacity; and improving women's access to counselling, health and refuge services through government and civil society organisation service providers.

However, family and sexual violence is an entrenched and widespread problem in PNG. Australian Government support has increased the ability for women and children to seek a support service, but the impact that these initiatives are having in preventing or reducing violence has yet to be fully assessed. Available data suggests that the range of reporting and successful prosecution of family and sexual violence cases is very low, and there remain a number of barriers to women accessing justice and appropriate support services.

### **Key risks and challenges**

Australia's gender equality programming faces a number of challenges, which begin with the very dire situation for gender equality in PNG generally. Gender indicators in PNG are among the lowest in the world. PNG has a 2014 Gender-Related Development Index (GDI) of 157 (out of 187), meaning women face severe discrimination in all spheres of life: social, cultural, economic and political. Unlike most countries in the world, life expectancy for women in PNG is lower than that of men. Women are 25 per cent less likely than men to be literate, and the maternal mortality ratio in PNG is unacceptably high.

Women lack influence at all levels of governance in PNG, with few women in positions of leadership. There are only three women members in PNG's 111-seat Parliament (2.7 per cent) and women's interests rarely feature in government decision-making. The customary position of women within PNG also impacts on their economic lives. Family and sexual violence is estimated to impact two-thirds of women in PNG. Although violence is a criminal offence, it continues to be viewed as a private matter and a normal part of women's lives.

More than half of PNG's population is under the age of 18, and children make up the majority of cases seen at Family Support Centres in hospitals. A revamped *Lukautim Pikinini Act* has been passed which strengthens the legislative framework for protection of children, but the Government will struggle to implement it. A draft National Family and Sexual Violence Strategy



which includes protection of children is awaiting National Executive Council agreement. Australia is supporting child protection through its investments – for example, the Lae Case Management Centre employs a child protection specialist and offers specific support to children traumatised by violence; and three new investments with UNICEF include a child protection campaign, a healthy parenting program in partnership with the Catholic Church, and a partnership with the Education Department in Bougainville to reduce violence against children. Yet although children are included in aid investments designed to provide support to survivors of family and sexual violence, they have their own specific needs and it cannot be assumed that their needs will be addressed within service delivery aimed primarily at mothers. There is a need for a more coordinated approach to providing support for child protection and there is also the opportunity to provide more rigorous support to government.

Incorporating gender equality into Australia's programs requires ongoing effort. There is a need to focus on particular areas of discrimination rather than relying on mainstreaming to shift entrenched barriers. Monitoring and evaluating impact remains a challenge with many programs not capturing sex-disaggregated data. A recently finalised Gender Action Plan will help address these challenges from 2015-16 onwards.

### **Cross-cutting: Disability-inclusive development**

While disability inclusive development continues to be well addressed through a limited number of initiatives, more could be done to mainstream disability throughout all investments.

In 2013, PNG ratified the United Nations Convention on the Rights of Persons with A Disability. Subsequently, Australia supported PNG to develop the National Policy on Disability 2015-2025, which was launched in May 2015. The policy is built around three pillars: the Department for Community Development and Religion (legislative framework); the PNG Assembly of Disabled Persons (the advocates); and the National Board of Disabled Persons (who deliver the services). It is accompanied by a performance framework and action plan.

The disability policy will be implemented at a national, provincial and local level. Integration at the provincial and local levels is already happening – in East and West New Britain for instance, provincial planning forums are taking place, provincial budgets have been secured and there are disability officers in place. In West New Britain they have also trialled the registration of people with disability in order to trial a pension. The data collected through these pilots will help determine provincial budgets to support disabled people in the provinces.

### **Australia's contribution**

Through the Strongim Pipol Strongim Nesen (SPSN) program, Australia provides grants to lead disability organisations such as the National Orthotics and Prosthetics Service (NOPS) and Motivation Australia who distribute assistive devices. In 2014, approximately \$1.8 million in grants were provided to implement health sector related disability-inclusive development initiatives. Key results include the distribution of 400 wheelchairs including technical fitting and training by Motivation Australia, NOPS and PNG Assembly of Disabled Persons; and the distribution of 8,000 assistive devices, mostly in rural areas.

The Australia Awards Scholarship Program received a commendation from DFAT's Disability Ambassador in 2014. Throughout the year, approximately nine per cent of awardees were living with disability (up from three per cent in 2013) with the program providing additional support for equipment and other aids so that students were able to study in Australia without any barriers.

## Key risks and challenges

Key risks and challenges to achieving disability inclusiveness development in PNG include a general lack of capacity within the PNG Department for Community Development, Youth and Religion, the Department charged with implementing PNG's new disability policy. This may result in a lack of effective implementation of the policy

The requirement to adhere to the DFAT's Development for All 2015-2020: Strategy for strengthening disability-inclusive development in Australia's aid program and Accessibility Design Guide: Universal design principles for Australia's aid program were referenced in all design documents during the reporting period. Further attention will need to be paid to this issue during the implementation of the new programs.

## Cross-cutting: Private Sector Development

There was strong progress in reprioritising our focus on the private sector while noting that the Private Sector Development Framework will largely commence delivery in 2015-16.

Despite its sustained period of high economic growth, PNG has not yet harnessed the full potential of the private sector to promote broad-based, inclusive growth. The country's growth is heavily dependent on the mining and petroleum sectors and needs to broaden if it is to withstand future price shocks and ensure greater inclusion. In the [World Bank's 2015 Cost of Doing Business](#) report, PNG ranked 133 out of 189 economies surveyed (the lower the ranking, the higher the costs). PNG also rated particularly poorly in the category of 'enforcing contracts' (181 out of 189).

In 2014-15, Australia's aid for trade to PNG was 20 per cent. Our efforts to increase aid for trade in PNG to 30 per cent by 2017 are well on track. In scaling up aid for trade, Australia is targeting country-specific constraints to participation in trade. Areas of focus include governance and regulatory impediments, trade facilitation, infrastructure (including energy and mining), private sector development, agri-food, fisheries and services, and empowering women to engage in economic activities. The private sector, multilateral development banks and other donors will be important partners in the delivery of aid for trade outcomes. Aid for trade is an important lever to meet the Government's broader economic diplomacy objectives.

In 2014-15, DFAT worked closely with the Government of PNG to develop the PNG Private Sector Development Framework. The Framework operates on four pillars of cooperation, including: the business enabling environment; agriculture, rural development, markets and trade; innovation and partnerships; and financial inclusion. This reporting period has seen the early establishment and contracting of new and expanded initiatives to deliver on this framework and specific assistance has been limited to strengthening the microfinance sector and increased financial literacy. The Microfinance Expansion Project (MEP), previously in operation under the Pacific Regional program, is now impacting the lives of ordinary Papua New Guineans. Through the MEP around 34,800 people received financial literacy training, nearly half of whom are women, resulting in almost 7,000 new bank accounts being opened with partner financial institutions. Australia supported an entrepreneurship pilot, the Kumul GameChangers Initiative, aimed at unleashing creative solutions to development challenges.

We increased support for rural livelihoods through an enhanced DFAT-Australian Centre for International Agricultural Research (ACIAR) partnership that includes a focus on developing markets in the agriculture sector. We have also strengthened PNG's capacity to deal with cross-border trade issues such as quarantine and customs, helping PNG access international markets, and have offered support to PNG for its preparations for APEC 2018.

## **Key risks and challenges**

Key risks to private sector development and economic growth are the challenges of maintaining a stable and attractive business investment climate. PNG economic and fiscal policy directly impacts on the willingness of the private sector to invest, and on the job creation and public revenues that flow from economic growth.

## **Additional Assistance: Autonomous Region of Bougainville**

Australia's aid to Bougainville aims to assist the PNG Government and the Autonomous Bougainville Government (ABG) to implement the 2001 Bougainville Peace Agreement – including improving autonomy arrangements and bolstering peace and stability. In 2014-15, the bulk of our assistance in Bougainville was provided in the areas of health, education, law and justice, transport infrastructure and governance (including elections). Australia also funded Bougainville-specific initiatives that focussed on peace building, agriculture, youth and gender.

## **Australia's contribution**

As agreed by the PNG Government and the ABG, Australia's development assistance to Bougainville increased to approximately \$45.5 million in 2014-15, a \$7.6 million increase on 2013-14. The increase reflects significant support for the 2015 ABG elections, and expanded assistance in the areas of economic development, governance, gender, peace building and youth programs.

In response to a request from the PNG Government and the ABG, Australia provided substantial support to the 2015 ABG elections. Australia engaged expert personnel through the Australian Electoral Commission and the Australian Civilian Corps, and funded the United Nations to undertake a range of training, coordination and facilitation activities, including with media and on dispute resolution. Australia's support contributed to a generally smooth election process that delivered an outcome that was accepted by the people of Bougainville.

We continued to support the Bougainville Peace Building Program, which is a joint initiative with the ABG. In 2014-15, the program facilitated important reconciliations stemming from the Bougainville Crisis, and built local capacity to manage conflict.

Australia's support to economic development in Bougainville involved both assistance to the enabling environment (transport, health, education, law and justice) and direct interventions to promote private sector engagement, particularly in agriculture. Australia is investing \$6.6 million across 2015-20 in an ACIAR project designed to improve management strategies for cocoa and food security. We also designed a Commodity Support Facility, the pilot phase of which will support development of the cocoa and coconut industries and will explore the viability of other primary industries.

The Australian-funded Transport Sector Support Program supported road maintenance and rehabilitation to 403 kilometres of priority roads. About 80 per cent of Bougainville's population, schools and health facilities are within seven kilometres of this core road network. Work on these roads has improved Bougainvilleans' access to essential services and greatly reduced average travel times. The program employed around 16,000 people across Bougainville (27 per cent were women, the highest ratio since 2004). This work has supported gender equality with women and youth participating in direct income generation.

Support to the law and justice sector in Bougainville focused on training and infrastructure. Australia supported 40 Bougainvilleans (16 women) to graduate from the Pre-Recruit Education Program, which prepared them to undertake Royal PNG Constabulary training. The new recruits

will significantly boost the numbers and capacity of the Bougainville Police Service. The training of 175 village court officials across Bougainville will give approximately 110,000 people access to better standards of justice. Training efforts were complemented by the construction of police stations, court houses, safe houses for women and accommodation for the National Judicial Staff Services (enabling the permanent appointment of a National Court Judge to Bougainville).

Australia's support to governance in Bougainville included assistance for the development of ABG priority legislation, such as electoral law changes. We assisted the ABG and PNG Governments to map priority powers for draw down over the next two years and we improved government infrastructure. We helped to significantly expand the capacity of the ABG Bureau of Public Affairs, Media and Communications through a mobile community radio project and development of a local government newspaper. Australia supported a review of taxation and revenue for Bougainville. The review recommended certain changes to the existing tax administration system and identified additional sources of tax revenue.

Australia established the foundations of a strong Bougainville-specific education program from elementary through to TVET levels. The program has nearly completed the first stage, which includes developing baseline assessments and establishing a process for sector wide strategic planning. Australia also piloted an adult literacy program for approximately 1,400 people who missed out on education during the Bougainville Crisis. Seven Bougainvilleans were awarded scholarships to study at Australian tertiary institutions.

Australia's support for Bougainville's health sector included family planning, sexual and reproductive health, and a malaria scoping study. In maternal health, training was provided to front-line health workers in essential and emergency obstetric care. To help improve health systems, we mapped National Department of Health and ABG health functions and powers, and supported the development of the Health Service Delivery Policy.

Australia developed a five-year Bougainville Gender Investment Plan (2014-19) to advance gender equality in three priority areas: reducing family and sexual violence and providing assistance to survivors and women at risk; strengthening women's leadership; and improving women's economic activities. A number of major grants and projects began in 2014-15.

### **Key risks and challenges**

Bougainville continues to face significant challenges typical of a post-conflict region. Weakened institutions, limited economic opportunities and a complex political environment all contribute to a more challenging environment in which to deliver aid.

While there has been positive progress in establishing the Bougainville Public Service, the capacity of government to deliver services is still developing. This may limit the impact of programs delivered through government systems. The NGO sector lacks capacity, limiting options for partners with which we can work. Close and supportive partnerships with the ABG, the private sector and civil society bodies are important to ensure our aid is effective.

The ABG's minimal revenue generation and the tight budgetary situation currently facing the PNG Government will create pressure on available funding, including aid provided by Australia, and may limit the ABG's flexibility to respond to emerging priorities. Poor communications infrastructure in Bougainville may be a constraint on the ABG's capacity to build support for and get feedback on government initiatives, including those supported by Australia.

With a referendum on Bougainville's future political status due to take place between June 2015 and June 2020, the political environment in which Australia delivers its aid may become more challenging. Continued close consultation with the PNG and Bougainville Governments will be critical to ensure that Australian aid continues to meet shared objectives and can respond to emerging needs.

## Performance Benchmarks

The 2013-14 PNG APPR identified 28 performance benchmarks for the PNG aid program in 2014-15. An assessment of progress against each of these performance benchmarks is at **Annex B**. As with the performance across the broader sectors, performance against the benchmarks was mixed. Notable achievements included Australia significantly increasing its investments in addressing tuberculosis, increasing client access to Family and Sexual Violence Units and moving aviation and maritime transport services towards full compliance with international safety and security standards. Performance benchmarks for 2015-16 will be agreed through the new Aid Partnership with the Government of PNG.

## Mutual Obligations

While formal mutual obligations between our governments will be negotiated as part of the new Aid Partnership, the 2013-14 APPR referenced a number of areas of mutual commitment. Progress against these is described below.

**Table 3 – Progress in achieving mutual obligations**

<b>Mutual obligation identified in the 2013-14 APPR</b>	<b>Progress in 2014-15</b>
Effective resourcing and oversight of the Lae ANGAU Hospital Master Plan development and engagement with the Government of PNG on sustainable co-financing and governance arrangements.	The Master Plan for the ANGAU Hospital was internationally tendered and contracted, and was completed in June 2015. A consultancy for an analysis of the financing options for PNG and Australia to jointly fund the reconstruction of the ANGAU Hospital is underway and the initial recommendations were presented in June 2015.
PNG and Australia agreed to work together on activities supporting priority infrastructure at the University of PNG.	An implementation schedule, covering scoping, design, procurement and construction of infrastructure works was agreed on 17 September 2014. Infrastructure works at UPNG are being procured through Australia's PNG Health and Education Procurement Facility (HEPF).
The Government of Papua New Guinea demonstrating commitment to the fair and transparent procurement of quality assured medical supplies and the Government of Australia supporting the Government of PNG to establish an Independent Health Procurement Authority.	In 2014-15, Australia withdrew support following the Government of PNG's failure to meet performance-linked aid arrangements. The PNG National Department of Health assumed full responsibility for the procurement and distribution of medical supply kits. Any further support to establish an Independent Health Procurement Authority is dependent on Government of PNG's commitment to system reform.

<p>Australia continuing to support PNG's efforts to establish an Independent Commission Against Corruption (ICAC) and improve its compliance with international anti-money laundering and counter terrorism financing standards.</p>	<p>With support from Attorney-General's Department officers under the Strongim Gavman Program, PNG passed a Constitutional Amendment to enable the passage of ICAC legislation and finalised the drafting of the Organic Law to establish the ICAC. The Government of PNG has committed to introducing the Bill into Parliament.</p> <p>With support from SGP advisers and the Combating Corruption program, PNG has significantly improved its compliance with international anti-money and counter terrorist financing standards. PNG's progress against its FATF Action Plan is on track.</p>
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## Program Quality and Partner Performance

### Overview

Australia's aid program in PNG is estimated to be \$3.5 billion over the next five years. The program currently has 44 significant aid investments valued at \$3 million or more, 24 of which are valued at \$10 million or more. Australia's aid to PNG is aligned with the Government's performance framework, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*. Program performance and quality is assessed against the 10 strategic targets; as well as program and sector-level objectives, benchmarks and mutual obligations. Consistent with the Partnership for Development, the performance of Australia's aid is reviewed and agreed annually with the PNG Government at bilateral aid partnership talks.

Investment Quality Reporting (IQR) is undertaken annually to review the performance of contractors, investments, sectors and the overarching program. For the first time, in 2014-15 the PNG program achieved 100 per cent compliance on all quality processes. The program completed 44 Aid Quality Checks (AQC's), 65 Partner Performance Assessments (PPAs) and six Sector Performance Reports (SPRs), which generated evidence-based assessments of progress and reviewed and updated management actions. This Aid Program Performance Report draws on these products.

This approach enabled us to better understand what works and what does not. It provided evidence that Australia's aid investments are largely working as intended, despite PNG development levels stagnating or declining across the priority sectors.

The management consequences identified in 2013-14 were examined during the IQR process. Reporting shows that most management consequences were addressed in 2014-15. New management consequences for 2015-16 were established as an integral part of the process and were outlined in the SPRs and below (see Management Responses).

In 2014-15 the Health and HIV program undertook a portfolio review, which informed program decisions and led to the continuation of the Health and HIV Implementation Services Provider program. The PNG program has scheduled five investment reviews/evaluations to occur in 2015-16 (**Annex C** refers). To prepare for this, we have started to centralise aspects of the monitoring and evaluation systems and processes. We have also established a four-year evaluation pipeline to better space reviews/evaluations where possible.

## Analysis of Aid Quality Checks (AQC)

In 2014-15 the PNG Program completed 44 Aid Quality Check (AQC) reports, 26 of which were independently moderated (initiatives valued at \$10 million or over) by DFAT's Principal Specialist for Performance Management and Results and members of the PNG Program.

Analysis shows that the AQC ratings in 2014-15 improved overall in comparison to the scores provided for Quality at Implementation (QAI) reports in 2013-14 (see **Annex D**). This trend is attributed to the investments performing better and the closure/non-renewal of some investments.

All investments reviewed were assessed to be highly relevant to the development context and/or as a tool of foreign diplomacy. Only one investment was ineffective; three were inefficient; two lacked appropriate monitoring and evaluation systems and implementation; one was rated as unsustainable; two did not meet gender criteria; and one did not sufficiently manage risks or address safeguards. The PNG program has significantly improved its gender ratings at the initiative level, with 95 per cent of investments effectively addressing gender issues in their implementation. This is an important and purposeful achievement.

As shown at **Annex D**, investments that performed less well than the rest of our portfolio in 2014-15 were the Kokoda Initiative, Strongim Gavman Program (SGP), the Gender Equality/Gender Based Violence Initiative and the Church Partnerships Program. The 2014 mid-term review of the Kokoda Initiative made a number of recommendations, particularly to strengthen community engagement and the management of benefits and livelihood opportunities for local communities. Adjustments have since been applied to the program, including to the scope and ongoing program management responsibilities. The Gender initiative suffered from delays to the signing of the contract through the regional program for its keystone activity, Pacific Women Shaping Pacific Development, which recently commenced. SGP shows mixed results across the quality criteria, receiving high scores in the area of relevance but its effectiveness was judged as adequate. The assessment noted that SGP continues to strengthen the capacities of key PNG Government agencies and provides opportunity to broaden and reinforce relationships and collaboration between the two governments on issues of mutual interest. In 2016 management of the Church Partnerships Program will be outsourced to an external implementing partner (through the new PNG Governance Facility) to improve efficiency and monitoring and evaluation.

## Performance of key delivery partners

In 2014-15 the PNG program wrote 65 PPA reports on contractors, multilateral partners and NGOs for agreements/contracts valued at \$3 million and over. Analysis indicates that managing contractors remain the most common and effective way of delivering Australian aid to PNG. In 2014-15 approximately \$380 million of the \$450.6 million (i.e. 84 per cent) of Australia's total bilateral program was implemented through managing contractors.

Analysis of the PPAs and the AQCs indicates that the performance of contractors is generally of a 'good' standard. Isolated cases of underperformance are proactively addressed. The performance of multilateral and NGO partners in PNG is generally of a lower standard. However, both can still have a high delivery impact. NGOs, particularly national NGOs, can struggle to gain traction and often lack sufficient internal governance structures and fiduciary risk mitigation processes and procedures compared to Australian NGOs and International NGOs operating in PNG. For these reasons, PNG NGOs are only generally engaged by the Australian aid program via an intermediary, such as their Australian NGO partner organisation, a reputable International NGO or a managing contractor.

## Risks

The key program risks are summarised in the table at **Annex E**.

## Management Responses

The majority of management responses identified in the 2013-14 APPR were achieved with four partly achieved. Further details are in the table in **Annex A**.

In 2015-16, Australia will work towards achieving program objectives through the management consequences identified below. Sector level management responses are detailed in the relevant Sector Performance Reports and initiative level management responses are recorded in the relevant AQCs. Noting the issues raised through the earlier analysis of the PNG program's performance under sector objectives and cross-cutting issues, the key management responses for 2015-16 are:

- Agree on a new Aid Partnership between the Governments of Australia and PNG, including specific schedules on health, education, law and justice, infrastructure and governance, with clearly defined benchmarks and mutual obligations, in 2015-16.
- Implement the PNG Private Sector Development Framework which has been agreed between governments.
- Prioritise the design, tender, and implementation of the new governance program, based on an agreed multi-year governance strategy.
- Manage the transition to the new law and justice sector program, the Justice Services and Stability for Development Program, from late 2015.
- Implement the Gender Plan of Action for Port Moresby Post developed in 2015.
- Improve the performance of Kokoda, SGP and Church Partnership initiatives:
  - Australia's support for the Kokoda Initiative is being redesigned to address a range of management challenges. As part of that process, program management is shifting back to DFAT to allow closer engagement with partners on the ground, while program delivery will be increasingly undertaken by contracted service providers based in PNG.
  - DFAT will consider arrangements for the management and deployment of SGP advisers following the PNG Government's review of aid advisers in 2015-16. In addition, the transition of some SGP administrative support functions into the PNG Governance Facility (PGF) will provide the opportunity to address a number of issues including improved monitoring and evaluation.
  - Management of the Church Partnerships Program will be outsourced to an external implementing partner (through the new PGF) to improve efficiency and monitoring and evaluation.
- Centralise monitoring and evaluation support at Port Moresby Post to enable the program to develop a more constructive and positive narrative on its performance and quality; and maintain 100 per cent compliance on all mandatory aid quality and performance reporting.
- Renew our commitment to safeguarding children by providing DFAT child protection training to all staff working on the PNG program in Port Moresby and Canberra, ensuring our partners understand and are meeting their responsibilities, and managing risks to children at all stages of the program cycle.
- Undertake an analysis of the PNG aid program's overall performance against the 2008-2015 Partnership for Development and PNG's progress in meeting the MDGs.



## Annex A - Progress in Addressing Management Responses

### Management responses identified in 2013-14 APPR

Develop a PNG Aid Investment Plan that will outline where, why and how Australian aid will be delivered in PNG after the existing Partnership for Development concludes in mid-2015 and the expected results to be achieved. The AIP will align to Australia and PNG's shared objectives for the aid program; it will be based on the recommendations from the aid assessment and be guided by the new Aid Policy and PNG's Medium Term Development Program 2015-2018.

Developing jointly between Australia and PNG a set of robust performance benchmarks and mutual obligations, including a concrete approach to gender. Performance benchmarks will reflect expected results from Australia's aid investments in PNG as well as significant milestones, and measures of improved operational effectiveness to assess progress against the new AIP. Mutual obligations will outline the key commitments from the partner government that contribute to shared development outcomes.

Increasing Australia's aid to Bougainville to up to \$50 million in 2014-15 to include a focus on supporting implementation of the autonomy arrangements under the Bougainville Peace Agreement and the ABG's capacity to deliver basic services such as policing and technical education ahead of the election, and expand the aid program to Bougainville's least developed areas – predominantly in the south.

Developing a monitoring and evaluation framework, performance benchmarks and mutual commitments as well as multi-year sector specific work plans for Bougainville.

Expand support for women's empowerment, including a focus on women's effective participation in the economy; women's leadership in public life; and improved security in public and private spaces, including a specific focus on these issues in Bougainville.

Agreeing a framework for implementing future private sector development programs, including in agriculture. The Governments of Australia and PNG will establish a working group to develop an agreed approach prior to the 2014 Senior Officials Meeting

### Rating

Achieved

Achieved

Partly achieved

Partly achieved

Achieved

Achieved

### Progress made in 2014-5

The PNG Aid Investment Plan was published on 30 September 2015. The AIP is aligned to Australia and PNG's shared objectives for the aid program, and is based on the recommendations from the 2014 PNG Aid Assessment and is guided by the new Aid Policy and PNG's Medium Term Development Plan 2 (2016-2017).

Performance benchmarks and mutual obligations are on track to be agreed as part of the next PNG-Australia Partnership for Development (2015-16), consistent with those contained in the PNG Aid Investment Plan.

Australia increased its support to Bougainville to approximately \$45.5 million in 2014-15. New expenditure responded to the PNG Government's, ABG's and Australia's priorities to support the implementation of autonomy arrangements, government capacity building, economic development, the ABG Election and peace-building. Development activities in central and south Bougainville were increased.

Drafts of a new Bougainville Aid Framework and Bougainville Performance Assessment Framework have been produced. Australia has delayed finalising these documents and sector plans to allow for further consultation with the PNG Government and new ABG following the ABG Election.

Over the past year there has been an increased focus on gender equality and women's empowerment across Australia's investments in PNG. Gender has gone from being relatively peripheral to being a key focus within many investments, and all investments have at least some gender-specific policies and activities. Gender equity is now more concretely incorporated into Partnership for Development schedules, which have, with the exception of transport, articulated gender targets. Australia developed a five-year Bougainville Gender Investment Plan (2014-19) and a number of grants and projects have begun.

A Private Sector Development Framework in PNG has been developed and agreed between our governments.

Supporting the PNG Government to build a more effective public service, by increasing investment in government-to-government advisory support through the Strongim Gavman Program and by partnering with the PNG Government to establish a new School of Government.

Partly achieved

Advisory support through the Strongim Gavman Program slightly increased from 2013-14 levels (35 advisers in PNG Government agencies and additional twinning activities by the Australian Bureau of Statistics). Work on the Pacific Leadership and Governance Precinct commenced in 2014, with infrastructure works planned and over 300 students attending courses in 2014-15.

Designing and commissioning a new phase of the Incentive Fund program (Phase 4). The new phase will build upon its success from the previous phases, incorporate lessons learned, and will seek to leverage service delivery and economic development outcomes by engaging the private sector along with more traditional partners.

Achieved

Australia and Papua New Guinea have launched phase IV of the Incentive Fund grants program. The \$100 million program will provide opportunities for a wide range of high performing organisations to compete for direct funding for development projects.

Increasing engagement with the private sector to determine opportunities for developing partnerships with business to support sustainable and equitable growth in PNG.

Achieved

Regular meetings have been conducted with business groups, including through the working groups of the Business and Development Roundtable, on technical and vocational education, tuberculosis and aid for trade.

Addressing vulnerabilities of people with disabilities carefully in all future designs, including Law and Justice, Governance and Incentive Funds.

Partly achieved

The requirement to adhere to the DFAT's Disability-Inclusive Development policies and DFAT Accessibility Design Guide was referenced in all design documents. Further attention will need to be paid to this issue during the implementation of the new programs.

Focussing on robust monitoring and evaluation across Australia's aid investments in PNG, such as improving whole of government performance frameworks, building staff capabilities in M&E and improving cohesion with and between sectoral investments.

Achieved

The PNG program delivered 100 per cent compliance on Investment Quality Reporting (IQR) requirements. Mandatory initiative level reporting was supplemented by Sector Performance Reporting. This approach was used by the program to confirm results at a higher level. A new Australian whole-of-government Sector Investment Plan was established for the law and justice sector. Noting the success, this will be used as a model for further whole-of-government Sector Investment Plans. Staff capability and capacity in monitoring and evaluation was formally reviewed. This resulted in further training in Port Moresby, focusing on the new IQR requirements and a decision to establish M&E centralised support for the PNG program in 2015-16.

Continuing the close monitoring of Australia's aid investments and sustained emphasis on good governance, transparency and equity in PNG to manage risks facing the aid program.

Achieved

In 2014-15 we tracked expenditure against forecasts and had 100 per cent compliance on quality processes. Our fraud management at Post improved markedly in 2014-15 with more staff brought on to assist with the case load. Post also closed a number of long standing cases.

**Note:**

- **Achieved.** Significant progress has been made in addressing the issue
- **Partly achieved.** Some progress has been made in addressing the issue, but the issue has not been resolved
- **Not achieved.** Progress in addressing the issue has been significantly below expectations

## Annex B - Progress towards Performance Benchmarks in 2014 -15

Aid objective	2014-15 benchmark	Rating	Progress in 2014-15
<b>Objective 1 – Improved health and HIV outcomes</b>			
Reduce the Burden of Communicable Diseases (Tuberculosis & HIV)	Australia to significantly increase its national investments in TB in line with PNG Government implementation of a National TB Taskforce and increased resourcing and leadership.	Achieved	In February 2015, Australia announced a new \$15 million package of support for TB control in NCD and Western Province. In February the Government of PNG signed a new USD18.4 million Global Fund grant for TB. The Minister for Health and HIV convened a Ministerial taskforce on TB.
	Australian funded NGOs have 6,000 people on ART and 130,000 tested for HIV, with PNG Government to take on funding responsibility for Anglicare and Catholic HIV/AIDS Services.	Partly achieved	In 2014, Australian-funded NGOs had 4,350 people on ART, and tested a total of 78,737 people for HIV (39.7 per cent of all national testing). Transition of HIV services to Government of PNG support is a focus for the program in 2015-16.
Strengthen Health Systems (Health Workforce & Infrastructure)	450 health workforce scholarships for nurses, midwives and CHWs, supported by PNG Government increasing funding for health worker training institutions and Christian Health Services.	Achieved	In 2014, 297 midwifery (increased from 211 in 2013), 297 nurses (17 in 2013) and 350 CHW (167 in 2013) scholarships were awarded. By the end of 2015 the target (450 per cadre) is likely to be surpassed.
	Increased number of health facilities in priority provinces and disadvantaged districts, and health worker training institutions, refurbished on a kina-for-kina basis.	Partly achieved	A shortfall in the Rural Primary Health Care Service Delivery Project (RPHSDP) has resulted in the Project's focusing on construction of new Community Health Posts (CHP), putting refurbishment of existing facilities on hold until further confirmation of Government of PNG funds. In 2014, four training institutions completed additional buildings which will enhance their capacity to increase new intakes. Health facilities refurbishments are still progressing and most are due to be completed by 2016.
	Master planning phase of ANGAU Hospital completed and approved by DFAT and PNG Government stakeholders by mid-2015.	Achieved	The Master Plan has been completed.
Strengthen Partnerships and Coordination with Partners	Effective governance in three Provincial Health Authorities (PHAs), with PNG Government resolving central agency bottlenecks in the areas of legal, human resources and financial management.	Partly achieved	A second Australian-funded independent review of PHAs in 2015 found the PHA reforms could work if adequately supported, but underlying constraints include weak leadership, inadequate resourcing, and low human resource capacity. It is still unclear if the PHA Act will be repealed and health responsibilities transferred to the District Development Authorities (DDAs).

**Objective 2 – Improved access to quality education at all levels – by 2015**

Improved Access and Quality - Basic and Secondary Education	Increased access: 80 per cent net enrolment rate in basic education by 2015.	Achieved	The Government of PNG's Tuition Fee Free program has reduced financial barriers to access, and net enrolment rates increased from 78.5 per cent in 2012 to 84.2 per cent in 2014.
	Improved quality: Participation in an internationally recognised quality assessment process by 2016 and the development of a joint action plan, with all development partners invited to participate in the implementation of its recommendations to improve literacy, numeracy, and management in education, and the development of a standardised examinations program for assessing learning in PNG.	Partly achieved	PNG is participating in an internationally comparable education policy mapping process, and has published findings online as they become available. PNG has also participated in the internationally recognised Early Grade Reading Assessment and a Pacific-wide approach, the Pacific Islands Literacy and Numeracy Assessment. Conversations with the DoE, and an initial scoping study has taken place to progress a standardised examination in PNG consistent with the National Education Plan 2015-2019. Conversations with donors about joint action towards literacy and numeracy have started.
	Increased access for girls: Five percentage points improvement in basic education gender parity index (from 0.92 in 2010 to 0.97 in 2015). <sup>1</sup>	Partly achieved	Access to education is improving and the gap in access between boys and girls is slowly decreasing. In 2014, the gender parity index for basic education improved from 0.85 in 2013, to 0.93 in 2014. This increase is on track to meet the target.
	Five percentage points improvement in secondary education parity index (from 0.73 in 2010, to 0.78 in 2015). <sup>2</sup>	Not achieved	The gender parity at secondary school dropped from 0.74 in 2012 and 0.75 in 2012 to 0.71 in 2013 and 0.73 in 2014.
	Increased access: 52,000 graduates from higher education institutions between 2011 and 2015.	Partly achieved	PNG is making progress towards its commitment of 52,000 graduates from higher and technical institutions between 2010 and 2015. 10,489 students graduated in 2014, an increase of 1,000 from 2013. The number of graduates from 2011-14 is 35,519. This leaves 14,481 graduates to graduate in 2015 – relying on a substantial increase from 2014, but possible.
Improved Access and Quality - Technical and Higher Education	Improved quality: a more effective quality assessment framework used for institutional quality assessments of	Partly achieved	By early 2015 all six PNG universities had undertaken quality audits against 13 international standards for the first time; with the universities developing action plans

<sup>1</sup> This benchmark replaces the draft benchmark proposed in the 2013-14 APPR. The benchmark was revised in late 2014 through amendments to the PNG-Australia Partnership for Development schedules.

<sup>2</sup> As above.

	<p>all tertiary education institutions by 2015 and a commitment to improving quality in universities and technical institutions through PNG Government budget allocations, allowing activation of an adjusted kina-for-kina mechanism.</p> <p>Increased access for women: gender parity index of 0.73 by 2015, from 0.69 in 2011. (This benchmark replaces the draft benchmark proposed in the 2013-14 APPR. The benchmark was revised in late 2014 through amendments to the PNG-Australia Partnership for Development schedules).</p>	Partly achieved	<p>to respond to the findings. As the Government of PNG has not allocated funds to any higher education institution to improve quality, the kina-for-kina mechanism has not been activated.</p> <p>A total of 13,092 women and 19,039 men enrolled in technical and higher education institutions in 2014, a GPI of 0.69. While this is a decrease from a GPI of 0.72 in 2013 this is based on a relatively small datasets from each type of institution.</p>
<b>Objective 3 – Improved law and justice</b>			
State services delivered in a manner more accessible, effective, ethical, accountable and service-focused	<p>Infrastructure investments in Lae, Manus and Bougainville (police related); Port Moresby (Magisterial Services) are on track.</p> <p>Sector Service Delivery Strategy completed.</p> <p>Training targeting key technical, legal, administrative and management skills undertaken.</p>	Achieved	<p>Significant infrastructure improvements were achieved, including the completion of new police infrastructure in Lae; the concept design stage of a new police station in Manus; 28 separate projects in Bougainville; and securing a site for the design of a new Magisterial Services Headquarters in Port Moresby.</p> <p>Rebranded the Sector Investment Plan, DFAT, the AFP and Attorney General's Department have developed and agreed this joint sector strategy.</p> <p>Australia trained 1,175 police (19 per cent female) and 2,906 other law and justice officials (32 per cent female) in key skills.</p>
Police are more effective, legitimate and accountable to the people they serve	<p>Improvements in public perceptions of police in Port Moresby and Lae.</p> <p>Increase in the numbers of police recruits graduating in 2014.</p> <p>30 Bougainvillean recruits included 2015 – noting BPS target of 30 per cent female.</p>	Partly achieved	<p>Public perceptions of police declined on a number of measures since 2013, including trust in police, belief that police are honest and treat people fairly. However respect for police has remained quite high and their visibility in communities has improved. (Community Perception Survey).</p> <p>560 recruits (83 females) graduated from the Bomana Police Training College in 2014. This is an increase from 229 (46 females) in 2013.</p> <p>19 Bougainvillean recruits (2 females) have entered police training at Bomana College, to date, in 2015. This is an increase from 15 (2 females) in 2014. A further 37 (16 females) recruits are expected to commence at the Bomana College in late 2015.</p>
Local Level conflict resolution working, more legitimate and available	30 per cent of Village Court officials in priority provinces have participated in the competency-based training by July 2015.	Achieved	32 per cent of Village Court officials in priority provinces have participated in the competency based training by end of June 2015.
Women and others vulnerable to family and sexual violence have greater access to justice, legal	Increasing numbers of clients seeking help from Family and Sexual Violence Units.	Achieved	11,272 survivors of violence received services from FSVUs in 2014, up from 9,248 in 2013.

protection and support services	District Court and Village Court magistrates increasingly providing protection orders.	Achieved	The number of disposed/completed Interim Protection Order applications increased to 849 (72 per cent) in 2014, up from 687 (68 per cent) in 2013.
	Increasing number of FSV related cases reaching the Office of Public Prosecutor.	Partly achieved	The number remained steady and is less than expected given the very high rates of FSV – Australian advisers are working with PNG counterparts to address the barriers to investigation and subsequent prosecution.
Improved resistance, detection, investigation and prosecution of corruption	Measurable progress on FATF Action Plan (assessed by APG Regional Review Group).	Achieved	FATF Regional Review Group assessed PNG's Progress against its FATF Action Plan favourably, with five major pieces of legislation completed on schedule (and passed in July 2015) and significant whole-of-government reform underway.
	Increase in the number and value of restraint of proceeds of crime cases referred to the Office of Public Prosecutor.	Not achieved	Two new case referrals were made during the reporting period and two prior case referrals were the subject of ongoing investigation. In the previous period six matters were referred to the OPP for consideration.
	ICAC on track to be established.	Partly achieved	With SGP support, DJAG finalised the legislation to establish the ICAC. A decision on tabling it in Parliament is a matter for Government of PNG.
<b>Objective 4 – Improved transport outcomes</b>			
Improved Road Infrastructure	75 per cent of the 16 national priority roads in good condition (as rated in PNG's Road Asset Maintenance System).	Achieved	A green rating is based upon solid progress in the sector and a proposed recasting of this target ahead of 2015 Partnership talks. In 2014 TSSP maintained and rehabilitated 2125km of National Priority Roads. Work to establish a more accurate baseline road condition is underway and is expected to be completed during 2015-16.
Improved Aviation and Maritime Infrastructure	Aviation and maritime transport services have consistently moved towards full compliance with international safety and security standards.	Achieved	Australian assistance directly supported PNG's efforts in meeting international standards, in areas including accident investigation, aviation safety regulation, air traffic management, transport policy and maritime safety. During 2014-15, PNG's most recent International Civil Aviation Organisation (ICAO) grading resulted in PNG progressing to an ICAO Effective Implementation Score of 50.3 per cent. PNG's score had improved from 49.17 per cent in December 2014.

**Note:**

- **Achieved.** Significant progress has been made and the performance benchmark was achieved
- **Partly achieved.** Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- **Not achieved.** Progress towards the performance benchmark has been significantly below expectations

## Annex C - PNG Evaluation and Review Pipeline Planning

### List of evaluation and reviews completed in the reporting period (2014-15)

Investment Name	AidWorks number	Name of Evaluation	Date finalised	Date evaluation report uploaded into AidWorks	Date management response uploaded into AidWorks	Published on website	Provide actual or estimated date
Health & HIV Program	INK214	Health & HIV Portfolio Evaluation	11 May 2015	Not uploaded	Not done and uploaded	Not done	30 November 15

### List of evaluations planned in the next 12 months (July 2015 to June 2016)

Sector	Investment Name	AidWorks number	Type of Evaluation	Purpose of evaluation	Expected completion date
Education	PNG Education Program	INJ761	Independent Completion Review	To verify program success upon completion and inform future investments	June 2016
Health and HIV	PNG Health & HIV Multilateral Partnerships	INJ858	End of program review	Improve performance and inform new design as well	June 2016
Health and HIV	PNG Health & HIV Financing	INK653	End of program review	Program completion	February 2016
Health and HIV	Health Capacity Development & Service Delivery	INK214	Independent Completion Review	To verify success upon completion and inform future investments	January 2016
Health and HIV	PNG Health & HIV Procurement	INK651	Independent Progress Review	Review success to date and improve performance	January 2016

## Annex D - Aid Quality Check ratings

The previous investment level performance assessment system utilised Quality at Implementation (QAI) reports. Two criteria, Risks and Safeguards and Innovation and Private sector were not assessed in QAI reports and there have been significant changes in AQC reporting this year. Innovation and Private Sector is not a quality standard.

### Aid Quality Check (AQC) Ratings

Investment Name	Approved budget and duration	ACQ/QAI year	Relevance	effectiveness	Efficiency	Monitoring & Evaluation	Sustainability	Gender Equality	Risks and Strategies	Innovation and Private Sector
Kokoda Track Initiative (INH843)	\$26,932,723.31 21/03/2008 - 30/06/2016	2014-15	4	3	2	4	4	3	4	3
		2013-14	5	3	3	3	4	3	n/a	n/a
Strongim Pipol Strongim Nesen (INI382)	\$110,771,192.73 1/07/2009 - 30/06/2016	2014-15	5	5	5	5	4	5	5	4
		2013-14	5	4	4	4	5	6	n/a	n/a
Gender Equality/Gender Based Violence (INI402)	\$72,803,644.05 30/12/2008 - 30/06/2020	2014-15	5	5	3	5	4	6	3	5
		2013-14	5	3	3	3	4	5	n/a	n/a
Strongim Gavman Program (INI767)	\$200,685,335.29 1/07/2009 - 30/06/2016	2014-15	6	4	3	3	3	3	4	3
		2013-14	5	4	3	3	3	3	n/a	n/a
Scholarships Cluster (INI815), (INJ262), (INJ456)	\$84,535,342.67 1/07/2009 - 31/07/2016	2014-15	6	6	5	5	6	6	6	5
		2013-14	5	4	5	4	5	4	n/a	n/a
Economic and Public Sector Program (INI903)	\$149,584,882.74 1/05/2009 - 30/06/2016	2014-15	5	5	5	5	4	5	5	5
		2013-14	5	3	3	3	3	5	n/a	n/a



Interim Support to the PNG TVET & Higher Education (INJ316)	\$10,384,192.10 1/08/2010 - 30/06/2015	2014-15	5	5	4	4	5	5	5	4
			2013-14	6	5	5	3	4	4	n/a
PNG Electoral Support Program (INJ466)	\$24,919,637.52 1/01/2011 - 31/12/2015	2014-15	5	4	5	4	4	4	4	4
			2013-14	E	E	E	E	E	E	E
PNG Microfinance Expansion Project (INJ550)	\$6,900,000 30/09/2010 - 30/06/2015	2014-15	6	5	5	5	5	5	5	5
			2013-14	5	4	4	3	3	4	n/a
PNG Education Program (INJ761), (INJ316)	\$244,933,255.52 1/07/2011 - 30/06/2016	2014-15	5	5	4	4	5	5	5	4
			2013-14	5	5	5	3	4	4	n/a
PNG-Australia Law and Justice Partnership (PALJP) (INI194)	\$183,820,289.44 30/01/2009 - 31/12/2015	2014-15	5	4	4	4	4	5	5	4
			2013-14	5	4	2	3	4	5	n/a
PNG Disaster Risk Management Program (2010-2014) (INJ302)	\$8,986,500.09 1/07/2010 - 31/12/2015	2014-15	5	4	4	4	5	4	5	3
			2013-14	4	3	3	2	3	5	n/a
Church Partnership Program Phase 2 (INJ313)	\$50,000,000.00 1/07/2010 - 30/06/2016	2014-15	5	4	3	3	4	4	4	3
			2013-14	4	4	4	3	4	3	n/a
PNG Health and HIV Multilateral Partnerships (INJ858)	\$68,239,303.44 2/05/2011 - 30/06/2016	2014-15	5	4	3	4	5	4	5	3
			2013-14	5	5	3	4	3	5	n/a
Health Capacity Development & Service Delivery (INK214)	\$285,582,297.26 3/10/2011 - 30/06/2017	2014-15	6	6	6	6	6	6	6	4
			2013-14	5	5	5	4	4	5	n/a

PNG Provincial and Local-level Governments Program (INK615)	\$108,899,354.94 1/06/2012 - 30/06/2016	2014-15	5	4	5	5	4	4	4	5
		2013-14	5	4	3	3	3	4	n/a	n/a
Pacific Leadership & Governance Precinct (INL610)		2014-15	5	4	4	4	4	4	4	5
		2013-14	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PNG Health and HIV Procurement Program (INK651)	\$4,998,551.71 1/07/2013 - 30/06/2016	2014-15	6	5	5	4	5	5	5	4
		2013-14	E	E	E	E	E	E	E	E
PNG Health and HIV Financing Program (INK653)	\$48,730,000.00 8/07/2013 - 30/06/2017	2014-15	5	5	5	3	5	5	5	3
		2013-14	E	E	E	E	E	E	E	E
PNG United Nations Country Office Assistance (INL426)	\$3,000,000.00 1/06/2014 - 31/12/2015	2014-15	5	4	5	4	4	4	4	1

### Final Aid Quality Check (FAQC) Ratings

Investment Name	Approved budget and duration	Overall rating	Relevance	effectiveness	Efficiency	Monitoring & Evaluation	Sustainability	Gender Equality	Risks and Strategies	Innovation and Private Sector
Incentive Fund Phase III (INI793)	\$87,000,000.00 1/07/2009 - 30/06/2015	5	5	4	4	4	4	5	4	4
PNG Australia Forest Carbon Partnership (INH919)	\$3,811,865.43 4/05/2008 - 30/06/2015	4	4	3	3	3	5	4	5	4
Transport Sector Support Program (ING545)	414409952.31 22/05/2006 - 31/12/2014	5	5	5	5	4	4	4	5	5
Climate Change Adaptation Initiative (INJ700)	\$4,644,077.70 7/02/2011 - 30/06/2015	4	5	3	4	4	4	4	5	4

## Annex E – Risk

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	Risk Rating (low, medium, high, very high)
PNG Budgetary pressures brought on by the decline in commodity prices and related revenues impact the capacity of PNG Government to fund basic services and thus impacts the effectiveness of Australian assistance.	A budget engagement strategy was implemented to engage with relevant stakeholders in the budget planning process and prosecute the case for funding in areas critical to Australian assistance. The assistance of Australian funded advisory support in the PNG Department of Treasury was sought as part of this process.	Advocacy with the Department of Treasury will continue to be our primary mode of influence, as well as supporting relevant PNG line agencies (as requested by those agencies) to develop budget bids. Ongoing engagement with the Bank of PNG and with relevant Ministers will also form part of our efforts to influence policy.  The reduction in assistance for direct service delivery, and shift to a focus on systems and structures to deliver those services should help reduce the impact of a budgetary downturn on the effectiveness of our support. We do expect increasing requests from PNG as a result of the downturn. The release of the AIP and clear frameworks for our support will assist in managing such requests.	Medium
Perception by either Government (Australia or PNG) that they are failing to deliver on the Joint Understanding commitments (JU)	Clear communication with different stakeholders about the extent of Australia's support for JU.	Dedicated JU oversight mechanisms at bilateral, DFAT and project levels. Manage expectations through regular updates to stakeholders. Establish dedicated JU risk register. Senior post oversight and engagement with Chief Secretary to address bottlenecks and escalation where needed.	High
An increase in the incidence of fraud and/or corruption impacts the aid program	Programs maintain stringent controls over financial management and expenditure with a zero tolerance for fraud or corruption.  Maintain an aid program fraud risk register with controls.	Managing Contractors/ ISPs report on performance and expenditure monthly/ quarterly.  Fraud and corruption risks have been identified as potentially impacting programing outcomes. Following recommendations from a fiduciary risk assessment conducted at Post in 2013-2014, the Australian High Commission (AHC) in Port Moresby continues to review Trust and Imprest	Medium

		<p>accounts operated at Post and to report on their status quarterly to the Performance, Quality and Risk Section in Canberra.</p> <p>In addition, the AHC in Port Moresby continues to monitor and evaluate ex-ante controls developed following the risk assessment through sector level operational and risk management discussions and quarterly reviews of each sector's risk register. To enable a greater depth of assurance across the operation of individual partners and programs in PNG, the PNG Operations team is establishing an Audit Services Panel that is scheduled to be operational in early 2016. The Panel will be able to conduct sector audits on risk, fraud, financial management, governance structures, etc. on an as required basis by the sector teams.</p>	
An ineffective response to TB	Ongoing policy dialogue with Government of PNG and monitoring of PNG public health administration (particularly in communicable diseases); maintenance of high level intervention approach to TB in Western Province and NCD and participation in the National TB Emergency Response	<p>Facilitate Western Province TB Partner Forum in 2015 to improve governance and coordination. Work with NCD health to support effective TB program and enhance collaboration.</p> <p>Investigate additional options to implement 'Accelerated Response Plan' in Western Province.</p> <p>Facilitate discussions with PNG's Central Public Health Laboratory to resolve bottlenecks to certification.</p> <p>Regular dialogue with the Australian Government MPs on the true extent of TB and efforts to manage it</p>	Medium
Security environment in PNG continues to present serious concerns for staff safety.	Continued robust security management framework in Port Moresby to mitigate risk exposure  Security awareness training is provided to staff travelling to PNG.	<p>Ongoing monitoring of the security risk environment to ensure the identification and implementation of appropriate risk controls.</p> <p>Regular communication with staff to ensure the security environment is understood and policies and procedures are adhered to.</p>	Medium

