



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2015-16

Papua New Guinea

September 2016



KEY MESSAGES

Australia's program of development assistance in Papua New Guinea (PNG) demonstrated solid progress against economic growth objectives and mixed performance in human development and governance objectives in 2015-16. Most programs are working as intended, meeting seven out of 10 performance benchmarks.

Australia's program is guided by a number of frameworks including the *PNG Aid Investment Plan 2015-16 to 2017-18* (AIP), released on 30 September 2015. The AIP sets three strategic and interlinked objectives that are in line with PNG priorities and where Australia can add value: promoting effective governance; enabling economic growth; and enhancing human development. The AIP informed the development of the *PNG-Australia Aid Partnership Arrangement 2016-2017* (Aid Partnership) which was signed by PNG and Australia on 3 March 2016.

The Aid Partnership and the *Joint Understanding between Australia and Papua New Guinea on further bilateral cooperation on Health, Education and Law and Order* (Joint Understanding) sets out the mutually agreed development priorities and commitments. The Aid Partnership affirms the priority sectors of health, education, law and justice, transport and governance. Improving the lives of women and girls is a cross-cutting objective. The Aid Partnership builds on PNG's development cooperation frameworks including *Vision 2050* and the *Medium Term Development Plan 2 (2016-2017)* and is consistent with PNG's first Development Cooperation Policy (launched in April 2016) on the use of donor funds and government resources.

Some of the notable development outcomes of Australian assistance in 2015-16 include:

- the launch of the Pacific Leadership and Governance Precinct (the Precinct) in support of PNG's program of public service leadership renewal. The Precinct has delivered courses to more than 1,100 PNG students since February 2015
- training 2,640 women and 4,051 men in public service core skills
- supporting more than 1,100 Papua New Guineans to study in Australia and in PNG through Australia Awards, with a focus on developing skills and knowledge; building enduring people-to-people, country and professional links; and influencing positive change. For the past three years at least half of scholarships have been awarded to women
- providing access to better standards of justice for more than one million PNG citizens by contributing to the training of more than 2,000 village court officials (12.5 per cent women), covering 42 per cent of Village Courts in 461 target locations
- completing construction of 150 classrooms, 55 teachers' houses, and 57 ablution blocks in line with PNG Government specifications, benefiting more than 5,000 girls and boys
- supporting more than 1,500 survivors of family and sexual violence to access services such as counselling; case management; and in some circumstances in the Highlands, repatriation and reintegration for those who experienced or were at risk of sorcery-related or extreme violence
- an improved tuberculosis (TB) response in PNG, contributing to an increased TB detection rate in Western Province and an increase in the number of patients receiving and completing treatment. Better clinical management of drug-resistant TB cases at Daru General Hospital led to an increase of people staying on treatment from around 40 per cent in 2011 to more than 97 per cent by 2016.

While Australia remains PNG's largest bilateral aid donor, the relative value of our aid investments has been declining – from about 40 per cent of PNG's budget appropriations in 1975 to about eight per cent now. Australia's development assistance is increasingly focussed on leveraging PNG's own resources and those of the private sector to support growth and deliver services to Papua New Guineans.



CONTEXT

PNG has a special place in Australia's foreign relations and the bilateral relationship is one of our most wide-ranging. Australia is PNG's largest trading and investment partner (\$6.4 billion in two-way trade and approximately \$19 billion of Australian investment). A stable and prosperous PNG is in both countries' interests.

PNG has experienced over a decade of comparatively robust economic growth, driven by high international prices for PNG's exports and construction activity related to its liquefied natural gas project. But economic growth (Total Real Gross Domestic Product) fell from 11.8 per cent in 2015 to a projected 2.2 per cent in 2016¹ due to declining international commodity prices. The reduced revenue placed PNG's fiscal position under pressure. Balance of payments difficulties look likely to continue for the immediate future and place pressure on the PNG budget. Cuts have already been made to core government services.

PNG graduated from 'low income' to 'lower middle income' status in 2008, but around 87 per cent of the population live in rural areas and remain dependent on agriculture for much of their livelihood². PNG has significant development challenges including poor health and education indicators, ageing infrastructure and capacity constraints in the public service, exacerbated by its vulnerability to natural disasters and a geographically-dispersed population. This makes delivery of government services difficult. The following indicators reflect the scale of PNG's challenges.

- The 2015 United Nations Human Development Report (HDI) ranks PNG 158 out of 188 countries in the Human Development Index (compared to 157 out of 187 in the 2014 report and 126 out of 174 countries in 1995). The HDI focuses on three dimensions of human development: to lead a long and healthy life; the ability to acquire knowledge; and the ability to achieve a decent standard of living.
- Violence against women remains common and pervasive, with studies indicating two out of three women have experienced violence³. Médecins Sans Frontières (MSF) data released in March 2016 showed around 3000 survivors of violence sought care for the first time from MSF-run Family Support Centres in Port Moresby and in Tari, in the Highlands, in 2014 and 2015. Most had been injured by their partners, family or community members. Around 97 per cent were female. Children made up one in three of all family violence consultations in Port Moresby, and one in eight in Tari.
- At least 460 mothers died during childbirth in 2015. Although PNG's maternal mortality ratio has fallen by approximately 50 per cent since 1990 to an estimated 215 deaths per 100,000 live births in 2015, the ratio remains the highest in the Pacific⁴.
- In Transparency International's 2015 Corruption Perceptions Index, PNG ranked 139 out of 168 countries compared to 145 out of 174 in 2014. PNG's ranking has remained static over a number of years (PNG was ranked 118 out of 133 when first listed in 2003).

PNG is among a group of developing countries that did not completely fulfil any of the Millennium Development Goals (MDGs). PNG made progress on a number of targets and gained experience from implementing the MDG program⁵. PNG localised and integrated a number of MDG indicators into its development frameworks, indicating a strong appreciation of the need to link targets to national goals and encourage ownership of challenges, and has stated its commitment to achieve the Sustainable Development Goals by 2030.

¹ PNG Department of Treasury, Mid-Year Economic and Fiscal and Fiscal Outlook Report, www.treasury.gov.pg accessed August 2016.

² PNG National Statistical Office, *National Population and Housing Census 2011*, www.nso.gov.pg accessed August 2016.

³ Toft, S. and Bonnel, S. (eds.) (1985) 'Marriage and Domestic Violence in Rural Papua New Guinea', Law Reform Commission of Papua New Guinea. Occasional Paper No. 18.

⁴ World Health Organization, Trends in maternal mortality: 1990 to 2015, www.who.int Accessed August 2016.

⁵ Government of Papua New Guinea, 2015, *Millennium Development Goals Summary Report for Papua New Guinea 2015*



Australia's estimated \$549.7 million contribution to PNG's development in 2015-16 (PGK1.3 billion⁶) is approximately 68 per cent of total Official Development Assistance (ODA) to PNG, a relatively high proportion for one donor by international standards. Other bilateral donors are New Zealand, Japan, the European Union and the United States of America. China is an emerging donor, partnering with Australia and PNG in a trilateral malaria project in the reporting period. Multilateral partners are critical to development in PNG, including the Asian Development Bank (PNG's largest multilateral development partner with a US\$1.1 billion active portfolio as at 31 December 2015⁷), the World Bank and the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Outlook

Australia continues to respond to the new directions for development assistance, agreed with PNG in the 2014 aid assessment⁸, to align the program with shared political and economic objectives. These include the promotion of PNG's economic development and security, which are key to both our nations' interests. By 2017, we aim to allocate 50 per cent of the bilateral aid budget to infrastructure – in recognition that inadequate and poorly maintained infrastructure constrains economic growth – and 30 per cent to aid for trade and private sector activities. We will continue with key investments in PNG's future leadership (such as the Precinct) across the political, bureaucratic, business and social sectors. In recognition that PNG needs significant financing to overcome its development challenges, we will seek to assist PNG to facilitate finance, develop its own capacity to deliver services, and prioritise and plan economic and social infrastructure. We will support and coordinate policy dialogue and investments – such as in agriculture – that promote inclusive and diversified economic growth and increased PNG trading capacity. We will pursue investments that are in PNG's and Australia's national security interests including through the law and justice sector, transport security and in response to health risks. Australia will scale up support for PNG's delivery of its elections in mid-2017.

⁶ All conversions in the document are for illustrative purposes only and reflect exchange rates as at August 2016

⁷ Asian Development Bank Member Fact Sheet, www.adb.org accessed August 2016.

⁸ Department of Foreign Affairs and Trade, *A new direction for Australian aid in PNG*, www.dfat.gov.au accessed August 2016.

EXPENDITURE

Table 1 Total Official Development Assistance (ODA) estimated expenditure in FY 2015-16

Objective	A\$ million	% of total ODA
Bilateral		
Outcome 1 - Health	87	16
Outcome 2 - Education	65	12
Outcome 3 – Improved law and justice services	25	4
Outcome 4 – Transport	70	13
Outcome 5 - Governance	82	15
Other (including gender, humanitarian, program support, private sector, Incentive Fund, Joint Understanding and Bougainville)	133	24
Sub-Total Bilateral	462	84
Regional and global; other government departments	87.7	16
Total ODA estimated expenditure	549.7	100

PROGRESS TOWARDS OBJECTIVES

This APPR reports on performance against agreed priority outcomes in the Aid Partnership. These are aligned with the three strategic objectives in the AIP as listed below. It draws on Aid Quality Check ratings in 2015-16 to reflect progress against objectives for aid investments.

Table 2 Rating of the program's progress towards Australia's aid objectives

Partnership outcome	Alignment with Aid Investment Plan objective	Previous rating (outcome)	Current rating
Outcome 1 - Health	Enhancing human development	Amber	Amber
Outcome 2 - Education	Enhancing human development	Amber	Amber
Outcome 3 – Improved law and justice services	Promoting effective governance	Amber	Amber
Outcome 4 - Transport	Enabling economic growth	Green	Green
Outcome 5 - Governance	Promoting effective governance	Amber	Amber
Cross-cutting			
Gender equality and women's empowerment	Cross cutting	Amber	Amber
Disability-inclusive development	Cross cutting	Amber	Amber
Private sector development	Enabling economic growth	Green	Green
Additional assistance			
Bougainville	Autonomous Region of Bougainville	Not rated	Not rated

■ 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.

OUTCOME 1: HEALTH

While Australian aid programs in the health sector have largely delivered on intended outputs, the ‘amber’ rating reflects the fact that these programs are not of sufficient scale to impact on performance targets we share with PNG at the national level. The national health sector as a whole has not supported improved results against a number of key indicators, although there was notable variation in performance between some geographic regions, such as between provincial towns and rural communities. Areas where PNG displayed improved performance at the national level included the emergency response to tuberculosis (TB) in Western Province. PNG continued to make progress in its campaign against malaria. However, measles vaccine coverage for children under one year of age dropped from 63 per cent in 2014 to 39 per cent in 2015. The rate of skilled birth attendance worsened, and is off track at 37 per cent in 2015 (compared to 44 per cent in 2014). PNG’s National Health Plan mid-term review concluded the drivers of “sluggish” performance were the lack of investment in workforce and poor prioritisation of financial resources.

Australia and PNG’s shared health goal in the Aid Partnership is to strengthen the primary health care system, to improve maternal and child health and to reduce the burden of communicable diseases such as HIV, TB and malaria. We work closely and effectively with PNG national partners including the National



Australia joined with China and PNG to launch a trilateral agreement to improve malaria diagnosis within PNG by strengthening laboratory services and research.

Pictured above: Australian High Commissioner to PNG H.E. Bruce Davis, PNG Minister for Health and HIV/AIDS Michael Malabag and China’s Ambassador to PNG H.E. Li Ruiyou launch the agreement.


Department of Health. Our health programs are implemented bilaterally with the PNG Government and with development partners including the Asian Development Bank, World Health Organization, Global Fund, GAVI, the Vaccine Alliance, World Bank, non-government organisations, and the private sector.

In 2015-16 Australia invested approximately \$110 million (PGK241.3 million, including Joint Understanding commitments) toward health and HIV outcomes in PNG through investments in financing, procurement, capacity development and service delivery, multilateral partnerships, infrastructure and in-country scholarships. While PNG’s health budget increased to PGK1.567 billion (\$646 million) for 2016, many key areas, such as delivery of rural health services, experienced reductions. In 2015, PNG released approximately PGK8 million (\$3.3 million) from a PGK40.3 million (\$16.7 million) commitment for the emergency TB response.

Australia’s aid program has directly contributed to strengthening PNG’s ability to deliver services. We continued

to support PNG to address the critical shortfall of health workers and skills by offering a total of 467 scholarships for nurses, midwives and community health workers in 2015. With our support, almost 700 Papua New Guineans have graduated with midwifery, nursing and community health work qualifications since 2013. Australian-funded clinical midwifery facilitators at all four midwifery schools provided training and mentoring to 365 practicing and student midwives in 2015. Our technical support to the Nursing Council helped to demonstrate that there has been an increase in the overall number of nurses since 2009.

While Australian aid delivered newly qualified midwives, family planning and HIV testing for pregnant women, the national indicators for skilled birth attendance and HIV treatment for pregnant women worsened. In the absence of Australian support we would expect national performance to be lower against the relevant indicators. The mid-term review of the National Health Plan noted that to meet national standards, PNG would require 600-800 midwives, but there are currently only around 500 practising midwives. Although Australia has supported the training of 400 new midwives since 2011, the review notes “this number has barely had an impact on the total stock of midwives for the country. Almost as many midwives have retired, moved out of midwifery, died or been retrenched during this period”.



New infrastructure projects included staff accommodation at Lorengau Hospital in Manus Province. The Rural Primary Health Service Delivery Program (delivered by the Asian Development Bank and half funded by Australia) is on track for the upgrade of 32 community health posts by 2019, with 14 tendered for construction to date. At the PNG-Australia Ministerial Forum in March 2016, it was agreed that Australia would proceed with the redevelopment of the Lae ANGAU Memorial Hospital using Australian funding while PNG pursued options for its co-financing commitment. We are proceeding to implementation based on comprehensive planning and site preparation undertaken to date, and capital works are scheduled to commence in 2017. In the interim, we are funding an expansive program of health infrastructure upgrades, valued at approximately \$32 million (PGK77.2 million). This includes the redevelopment of the Lae School of Nursing on the ANGAU campus, and grants to district health facilities to reduce the burden on the hospital.

In 2015 Australia supported PNG's Health Service Improvement Program to provide predictable and targeted funding to provinces and to improve public financial management. The program made funding available for infrastructure in disadvantaged districts and emergency obstetric retrievals in all provinces. The capacity to efficiently expense funding in some provinces remained low, which limited their use of funding and constrained program outcomes. With our support, the World Bank provided the National Department of Health with evidence-based analysis on critical funding gaps and constraints in the delivery of services.

Australia's investments in the TB response in Western Province contributed to improving treatment and care at Daru General Hospital. Better clinical management of drug-resistant TB cases has led to an increase of people staying on treatment from around 40 per cent in 2011 to more than 97 per cent by 2016. The percentage of patients dying from drug-resistant-TB in Daru has nearly halved since 2013, to 6.4 per cent in 2015. In addition to our ongoing support, Australia will continue to encourage PNG to seek new sources of external funding for the TB response.

Australia continued to assist PNG to address key health issues including preventing the transmission of HIV. We supported the distribution of 4.8 million condoms, HIV testing for more than 115,000 people (including 22,000 pregnant women) and anti-retroviral therapy for 11,000 HIV positive people in 2015. Our support for people most at risk of HIV increased from 5,800 people in 2014 to nearly 11,000 by December 2015, consistent with our approach of maintaining our focus on most-at-risk populations while investments in HIV progressively shift to PNG Government responsibility. Our health investments contributed to gender equality, with our support to Marie Stopes International and the NGO Susu Mamas contributing to 2,734 women accessing rural outreach services, 28,344 women attending urban health services and the delivery of 14,368 long acting and permanent methods of family planning in 2015. Our assistance to the PNG Development Law Association provided legal assistance to survivors of family and sexual violence and counselling for sexual assault. In a first-of-a-kind partnership, in January 2016 Australia joined with China and PNG to launch a trilateral agreement to improve malaria diagnosis within PNG by strengthening laboratory services and research.

Outlook

In line with PNG's *National Health Plan 2011-2020*, Australia's focus will remain on strengthening the primary health care system to improve maternal and child health, and to reduce the burden of infectious diseases and family and sexual violence. While the program has delivered results as expected, it needs to refocus monitoring and evaluation to look beyond activity outputs and to track the impact of investments on health outcomes and health policy. A mid-term review of the Health Capacity Development and Service Delivery program and a sector investment plan will inform future investment in areas including health financing and public financial management. In recognition that it is the PNG Government's responsibility to adequately resource and manage a responsive and sustainable health system, Australia is moving towards supporting the development of core public health capacity and away from direct support to service delivery. However, reduced PNG Government funding to the health sector combined with decentralisation is likely to increase the pressure on district administrations to deliver health services.

OUTCOME 2: EDUCATION

Australia's PNG education program, as agreed in the Aid Partnership, is moving towards a greater focus on the quality of education, the technical and vocational education and training (TVET) sector and provincial level assistance. Under the previous Partnership for Development, Australia and PNG agreed to pursue significant measurable progress towards the achievement of Universal Basic Education. While progress against outcomes has been slower than anticipated, there have been measurable gains in a year when PNG's education funding was severely impacted by its budget deficit. In 2015-16, the Australia Awards program continued to support more than 1,160 students to study in Australia and in PNG. We more than doubled the number of active Australia Awards alumni, many of whom contribute to the economic growth and prosperity of PNG. In other areas, our assistance helped the PNG Government to achieve incremental improvements in net enrolment rates and the gender parity index in schools. This, and the fact that our programs are not of sufficient relative scale to impact on the performance targets we share with PNG at the national level, is reflected in the 'amber' rating.

The PNG Government allocates approximately nine per cent of the national budget to education, with a significant proportion of this allocated to school fee subsidies. Australia is the largest donor to the education



Australia completed 150 classrooms, 55 teachers' houses and 57 ablution blocks, benefiting more than 5000 girls and boys.

Pictured above: Minister for Foreign Affairs Julie Bishop opening new classrooms at Kilakila Primary School in Port Moresby in November 2015.

sector, supporting early childhood, basic, secondary, technical and higher education. In 2015, we contributed AU\$65 million (PGK157 million) – around eight per cent of the total education budget – toward basic and higher education activities (\$34.6 million or approximately PGK83.7 million) and Australia Awards (\$30.4 million or approximately PGK73.5 million) to support better access to school, improved quality of education and stronger employability for young people.

Increased school enrolments continued to generate demand for additional school resources. An additional 133,000 girls and boys enrolled in school, against our AIP performance benchmark of 155,000. The basic net enrolment rate increased from 84.2 per cent for 2014 to 88.4 per cent per cent in 2015, exceeding our target of 80 per cent for 2015-16.

Australia contributed to greater access to school by completing 150 classrooms, 55 teachers' houses and 57

ablution blocks in line with PNG Government specifications in 2015-16. This has benefitted more than 5,000 girls and boys and has exceed the performance benchmark of 30 new or refurbished buildings as noted in outcome 3.1 in Annex B.

There has been some progress in increasing the proportion of girls enrolling in basic education in relation to boys, with the gender parity index in 2015 of 0.89 compared with 0.88 in 2014. Girls still drop out of school earlier than boys, due to a range of factors in and outside the school system, and the imbalance grows as they progress in the schooling system. Despite this, our efforts contributed to an increase in the gross enrolment rate (GER) for girls in primary to 82 per cent, exceeding our AIP benchmark of 80.5 per cent for girls under Outcome 3.3 in Annex B. The GER for boys in primary reached 92.4 per cent in 2015, falling just short of our target of 93 per cent.

Australia provided ablution blocks in schools and hygiene behaviour training to address barriers to girls remaining in school. We also assisted PNG to assess its gender inclusion policies and practices in teacher colleges. With our assistance, 40 elementary trainers graduated with a Bachelor of Early Childhood from the Queensland University of Technology, equipping them to support PNG's new elementary teacher training requirements.



In the higher education and TVET sectors, Australia supported more than 1,100 awardees to study in Australia and in PNG in 2016, with a focus on ensuring that women have equal opportunity to study. PNG is one of the largest scholarship programs globally for the Australian Government. Our investment is focussed on ensuring that women have equal opportunity to study and for the past three years we have met a target of 50 per cent of scholarships being awarded to women.

The Australia Awards program develops skills and knowledge; builds enduring people-to-people, country and professional links; and influences positive change. Our investment in scholarships has contributed to building a qualified PNG workforce, filling critical human resource gaps (particularly in the rural health workforce) and supported good leadership in the public and private sector. A 2013 tracer study of alumni found awardees are in more senior roles and have greater influence in their professions and communities.

We offered Australia Awards to 458 Papua New Guineans to study in 2016 to improve their qualifications in a range of fields in both PNG and Australia. Sixty three per cent (287) were awarded to women. Five per cent (11 women and 11 men) identified with having a disability.

- We offered 124 Awards for study in Australia, primarily at Masters level across a variety of sectors. Nine awardees (three women and six men) identified as having a disability. Sixty five (52 per cent) were women. Fifty (43 per cent) were public servants, offered places to study in core skill areas supported by PNG.
- We offered 334 places to study in PNG to help address critical rural workforce gaps in PNG. People were offered opportunities to study for midwifery (15 per cent), community health (35 per cent), nursing (35 per cent) and teacher qualifications (15 per cent). Thirteen awardees (five men and eight women) identified as having a disability. Sixty six per cent (222) were women.

The PNG Fellowship short course program delivered 57 awards to leaders from the public sector, health and education training institutions; and project and middle managers across 12 provinces. Participants included 51 public servants, 42 women and 15 to men. Participants received an Australian qualification.

Membership of the PNG-Australia Alumni Association increased to 700 in 2015, an increase of 110 per cent since 2014. There are now seven provincial chapters, with three more soon to launch. The Association, funded by Australia, successfully held more than 50 events in 2015 including 21 professional development workshops and a leadership dialogue engaging with business and government leaders. This represents a doubling of activities since 2014 and 700 per cent increase since 2012.

The Australia Awards program provided eight small grants across six provinces targeting alumni, Australia Awards Pacific Scholarships graduates, people with disabilities and people in remote areas. The grants aimed to strengthen professional skills and advance development objectives. Australia Awards Fellowships awarded 10 multilateral grants (involving 135 fellows including PNG fellows) and two bilateral grants (involving 16 PNG fellows). Priority areas were health, education, humanitarian assistance, disaster risk reduction and social protection, gender equality and empowering women and girls.

In 2015-16 the PNG Government continued to embark on ambitious education reform to address access and quality and financing and management of institutions. In support of this, through advisory support we assisted PNG Government counterparts to:

- improve the accuracy of enrolment data and distribution of tuition fee free (TFF) funds to schools by supporting the National Department of Education's information and communications technology and education management information systems to provide robust national data to inform payments to schools

- implement, update and draft key policies and regulations to strengthen quality assurance processes at post-secondary level as well as the policy and management of national skills standards. Our assistance included the update of the policy framework for quality assurance in higher education and TVET. We helped the Department of Higher Education, Research, Science and Technology to develop its first strategic/corporate plan and we helped to prepare a higher education governance manual to support implementation of the *Higher Education Act*
- update the *National Training Policy 1989* and draft the *National Training Council (Amendment) Act 2016* and *National Training Council Regulations 2016*
- develop the *Autonomous Region of Bougainville Education Plan*, with education governance documents approved by the Education Board to strengthen management, resourcing and planning at the school level.

In higher education, Australia and PNG agreed to refocus our priorities in the Aid Partnership commitments to support four focus areas in 2016-2017: quality reforms; facility upgrades; improved management and efficiency; and scholarships and twinning partnerships.

Continued investment in a skilled and technically qualified workforce is important to ensure PNG makes the most of opportunities presented by its economic growth. In 2015 we explored with institutions, government and the private sector in PNG how high quality TVET education could be delivered sustainably. Our consultations with the private sector increased through the Australia-PNG Business Council, Lae Polytechnic Centre of Excellence Reference Group and the Australia Awards and New Colombo Plan programs. In 2016, Exxon Mobil offered to fund seven scholarships through the Australia Awards program, and OilSearch three scholarships. In 2016, General Electric and OilSearch offered to host students for internships through the New Colombo Plan. We supported students at the National Polytechnic Institute in Lae (NPI) to study for an Australian Certificate level III in metal fabrication and welding and two NPI trainers to deliver the course.

A total of 286 students graduated from the Australia Pacific Technical College (APTC) in Port Moresby, with 38 per cent going on to be employed in the private sector and 33 per cent in the public sector. The APTC is currently Australia's major investment in TVET across the Pacific.


Outlook

Given the current fiscal climate, PNG will continue to face a financial challenge to achieve the goal of free quality education for all. While Australia's contribution remains modest in comparison to the financial gap, careful targeting of future Australian investments will build upon the trend of incremental improvement seen in recent years.

In 2016 Australia will develop a five year sector investment plan which will guide our support to PNG to implement reforms in the education sector. We will support PNG to strengthen its education system to adequately prepare its population to take advantage of employment and leadership opportunities. This will include targeted support to education financing and financial management; improved quality of basic education; support for institutional linkages; and quality improvements to tertiary training which meet employment and human resource demands, involve greater engagement at the subnational level and further develop private-public sector partnerships.

OUTCOME 3: IMPROVED LAW AND JUSTICE SERVICES

PNG'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)* and the Aid Partnership shared objective is to help achieve PNG's strategic goal of providing a safe, secure and just society for all.



Australia's assistance supports our shared interest in stability in PNG. While programs are delivering against effectiveness and efficiency criteria, progress against law and justice objectives has been rated as 'amber' because data from PNG Government agencies is not yet available to measure progress against many benchmarks and it continues to be difficult to attribute outcomes to specific Australian interventions. The sector continues to face many challenges, including chronic underfunding, low community trust and difficulties in coordination which affect the delivery of programs.

Our five priorities under the Aid Partnership's Law and Justice schedule are increasing community safety and security; addressing family and sexual violence; providing effective law and justice services; combating corruption; and building police capacity. We provide assistance through complementary programs delivered by the Department of Foreign Affairs and Trade (DFAT), the Australian Federal Police (AFP), Attorney-General's Department (AGD) and Australian Transaction Reports and Analysis Centre (AUSTRAC).

The 2015-16 year was a period of transition for our support to the sector. The changes to Australian advisory assistance reshaped the role of AGD officials working through the Strongim Gavman Program (see Outcome 5 for more details). At the same time, the DFAT-managed PNG-Australia Law and Justice Partnership concluded in December 2015 and the new Justice Services and Stability for Development (JSS4D) program commenced in January 2016. There were delays to the planning and approval for new activities under JSS4D as a result of changes to governance structures to reflect the PNG Government's new Development Cooperation Policy.

In 2015-16 Australia invested approximately \$83.5 million (PGK201.9 million) in the law and justice sector, including support through other government departments and in Bougainville (see pages 21-23). The PNG Government's total law and justice sector budget was approximately \$530 million (PGK1,281 million) in


Australia supported training for 1,881 police officers (364 women), including for eight of the 12 officers promoted to Assistant Commissioner in 2015.

2015. Our support contributed to some notable areas of progress towards the five objectives in the Aid Partnership schedule.

With Australian assistance, PNG law and justice agencies built capacity by improving professional and managerial skills and deepening institutional relationships with Australian peers. In 2015, the AGD supported 11 adviser positions in PNG law and justice agencies. After the changes to advisory positions requested by the PNG Government, five positions continued in 2016 in the Office of the Public Prosecutor, supporting individual and organisational capacity and prosecutions in important areas including corruption and family and sexual violence.

The AFP worked with the Royal Papua New Guinea Constabulary (RPNGC) to establish a Brief Adjudication Unit in the National Capital District to improve the quality of briefs submitted for prosecution. Following this, the Unit increased the number of matters progressing to the National Court from 18 in 2014 to 117 in 2015. In addition to police specific training, another 2,056 law and justice officials (29 per cent women) benefitted from ongoing technical, legal and leadership training through Australian funded courses for the law and justice sector.

In addition to infrastructure rolled out in Bougainville, Australia supported priority infrastructure including by the transportation and installation of prefabricated accommodation gifted by Exxon Mobil for police housing in Lae and accommodation at Bomana Police Training College. We established the Popondetta Juvenile Holding Cells and commenced the new Manus Provincial Police Headquarters. Together with refurbishment and enhancements to other existing facilities, such as the Badili Police station and Bomana Police College in Port Moresby, these projects helped meet critical infrastructure needs and enable increased access to law and justice services.




The AFP deployed 77 personnel (including unsworn civilian staff and contractors) to Port Moresby and Lae to work closely with counterparts in the RPNGC to improve police capacity, including seven officers in the Major Events/Asia-Pacific Economic Cooperation (APEC) team on capability development activities in the lead up to APEC in PNG in 2018. Australia supported training for 1,881 police officers (364 women), including for eight of the 12 officers promoted to the rank of Assistant Commissioner in 2015. The revised curriculum for Bomana Police Training College, developed with AFP support, was finalised in April 2016. This curriculum and other support helped the 546 recruits (89 women) that graduated from the College in 2015-16, building on the 560 graduates in 2014-15 (83 women). Australia supported the UN Office of the High Commissioner for Human Rights to develop and deliver human rights training for the RPNGC.

Australia helped victims of violence to receive improved access to justice and protection. In 2015-16 we helped open two new Family and Sexual Violence Units (FSVUs) in Daru (Western Province) and Kerema (Gulf Province). This brought the total number of FSVUs in police stations across the country to 17, plus four Family and Sexual Violence Desks. Since 2009, over 40,000 cases of violence have been reported to established Units and Desks, mostly involving women and children. An evaluation of FSVUs in 2015 highlighted the need for further RPNGC reform, increased resourcing and better targeted donor support for FSVUs to ensure survivors receive appropriate services. The evaluation will help guide the RPNGC's approach to family and sexual violence and our future support. Australia's assistance has also helped to develop and distribute family and sexual violence referral guidelines to better connect survivors to services.

To complement this work, other officials working in law and justice were trained on the PNG *Family Protection Act* and related procedures, such as Interim Protection Orders. Indicators suggest because of the training, the completed Interim Protection Orders increased by nearly 20 per cent to 1,495 in 2015 (1,256 in 2014). The AGD and the AFP continued to work with PNG counterparts to address barriers to obtaining convictions for FSV offences, including workshops on assisting child victims and witnesses throughout the legal process.

Australia supported PNG with key legal reforms including drafting the *Family Protection Act* regulations and funding a child protection officer (through UNICEF) to work with PNG counterparts on the implementation of the child protection *Lukautim Pikinini Act*. We assisted law and justice agencies to increase the proportion of women employees in law and justice agencies through implementation of the PNG Government's Gender Equity and Social Inclusion policy. We also supported PNG's participation in the United Nations Human Rights Council Universal Periodic Review of its human rights in May 2016.

In early 2016 Australia renewed an innovative partnership with Exxon-Mobil for a community safety adviser in Hela Province who helps to facilitate the delivery of more effective law and justice services. We helped to train 507 Village Court officials on up-to-date information and practices, contributing to a total of 2,142 officials trained by the program (12.5 per cent women), covering 42 per cent of Village Courts (194) in 461 target locations in PNG. Many of these officials had not received training in a decade. This has provided access to better standards of justice for more than one million PNG citizens in those locations. An evaluation of the courses indicated the training provided participants with a better understanding of their roles and responsibilities. After the training, more people accessed Village Courts (68 per cent of respondents in 2014, up to 87 per cent in 2015) and satisfaction had slightly improved (51.5 per cent in 2014 to 54.5 per cent in 2015). We also supported the establishment of provincial land dispute committees in the priority provinces to help improve mediation of land disputes. The community safety pillar of the program is designed to provide better access to justice for people in the priority provinces. Despite the achievements outlined above, for many people, geographic isolation and cost remain barriers to accessing legal services.



Australia continued its strong support for PNG-led efforts to address corruption, including through the DFAT-funded AGD-AUSTRAC Combating Corruption program. The program aims to strengthen financial systems against money laundering, corrupt activity and terrorist financing, and assist PNG in recovering proceeds of crime. Supported by Australia, PNG made substantial progress in 2015-16, passing a suite of laws to establish a comprehensive anti-money laundering and counter terrorist financing (AML/CTF) system. These laws established a new financial sanctions regime, a new AML/CTF regulatory regime for financial institutions and other entities, and strengthened money laundering offences and proceeds of crime measures. As a result of these reforms, in June 2016 the Financial Action Task Force removed PNG from its 'grey list'. Australia is assisting PNG to increase inter-agency co-operation and implement the new laws.

Our support for Transparency International PNG (TIPNG) and its work on improving accountability and transparency continued. Australia's Commonwealth Ombudsman continued to support the PNG Ombudsman Commission through its longstanding twinning arrangement to strengthen systems and capacity to oversee governance and leadership of the public service and the PNG Government. Australia also supported the Ombudsman Commission to continue its work with the RPNGC to improve coordination and collaboration on internal investigations into police misconduct. The AFP, TIPNG and the Ombudsman Commission delivered four corruption and internal investigation training programs to RPNGC and Ombudsman officers.


Outlook

High rates of crime persist and the community and businesses have low levels of trust in the police and legal processes. Realisation of long-term improvement in these areas will require the sustained commitment and investment of both PNG and Australia over decades. Australia's assistance alone cannot bring about these changes. Improvement is likely to be an incremental process and achievements fairly modest. Numbers of police, judicial and other law and justice officials per capita remain very low by international standards and increasingly limited resources will continue to exacerbate these issues. The PNG Government's budget constraints can be expected to limit the ability of agencies to deliver core services. PNG's decentralisation agenda could see further resources move away from national agencies. Law and justice agencies will play a role in ensuring the safe and secure delivery of elections next year, which will require extra funding and attention, and the sector is working on responding to the recent findings from the Universal Periodic Review into human rights in PNG. Following recent successes in anti-money laundering, the focus will be to ensure new systems and legislation are implemented and enforced. A challenge to implementing Australia's assistance will be to set strategic priorities in a timely and coordinated fashion.

OUTCOME 4: TRANSPORT

Australia's support to PNG's transport sector is part of a 20 year strategy to strengthen the sector's contribution to PNG's development. It is also a key component of Australia's aid for trade investments in PNG. The transport infrastructure program's 'green' rating reflected the successful delivery of a range of high impact projects and capacity building during 2015.

Properly planned and prioritised maintenance and rehabilitation of existing transport infrastructure underpins PNG's economic and social development. Transport infrastructure provides access to trade and employment opportunities, and to health and education services. During 2015-16 Australian support to PNG's transport sector was valued at \$70 million (PGK163 million). Our support covered three main components: land transport; aviation and maritime safety and security; and agency performance and accountability. Australia's transport strategy directly supports the PNG Government's priorities as set out in the *National Transport Strategy 2011-2030* and *Medium Term Transport Plan 2* and is guided by the objectives agreed in the Aid Partnership.



During 2015 Australia funded the maintenance and upgrading of approximately 1,400 km of PNG's 8,700 km national road network. This was lower than the 2,125 km maintained in 2014, reflecting the agreement under the Aid Partnership to transition towards the delivery of larger, more complex projects. Key areas of focus included the construction of four bridges in Oro Province, which will improve access to social services and contribute to economic growth for around 90,000 people; ongoing road maintenance in Bougainville; and a long term maintenance contract in the Eastern Highlands. A scoping study to upgrade the Ramu Highway under the Joint Understanding was completed in late 2015. Substantial progress was also achieved on the upgrade and sealing of the road from Momote Airport to Lorengau Market in Manus Province which is on schedule for completion in late 2016.

Australian support for improved road asset management systems enabled PNG to upgrade asset databases with quality assured information on the condition of the road network. PNG's Department of Works used the

Our maintenance of around 400 km of Bougainville's road network directly employed about 10,000 locals in 2015, ensuring strong local support for road works and injecting much needed money into the economy.

system to inform a more targeted and coordinated 2017 budget submission. The system has also allowed PNG to commence development of a multi-year asset management strategy, which will help to improve the targeting of PNG's limited resources towards priority projects. The work undertaken to improve PNG's road asset management system indicates progress towards improved planning of

infrastructure, in line with targets in the Aid Partnership. This reflects the success of the program's efforts to improve agency performance, which has been underpinned by Australia's strong focus on sectoral governance and capacity building.

The program has also supported PNG to improve its compliance against international standards in aviation and maritime safety and security. With respect to aviation safety, Australia funded a project to introduce satellite navigation capability at 31 airports across PNG; the introduction of a new very high frequency telecommunication system to better monitor domestic and international flights; and support for upgrades to PNG's air traffic management systems. With respect to maritime safety, in May 2016 PNG launched a new K8.9 million Global Maritime Distress and Safety System. Developed with Australia's support, the system will improve radio network coverage across all of PNG's waters.

Gender was also a strong focus for the transport program. We updated the Aid Partnership transport schedule to include a target to increase the inclusion of women in the planning, design and delivery of transport infrastructure. In 2015-16, the program supported PNG transport agencies to implement PNG's Gender Equity and Social Inclusion Policy, including by sponsoring a female transport official to undertake an accelerated executive development program. This culminated in the official's selection for a leadership role at the 42nd APEC Transportation Working Group meeting in PNG in early 2016, indicating progress against the Aid Partnership benchmark.

Outlook

While the program has achieved a number of objectives during 2015, the 2016 year is likely to be challenging for the transport sector overall due to PNG's budget constraints. In 2016, the PNG Government appropriated PGK1.21 billion (\$421.9 million) to the PNG transport sector in its annual budget, a decrease of approximately 18 per cent from the 2015 budget. This will challenge the objectives PNG has set for itself in the sector, in particular its goal to reinstate 75 per cent of its overall national road network to a 'good' condition. To support PNG in addressing this financing gap, Australia's advisory support will increasingly focus on infrastructure financing, including efforts to promote stronger private sector engagement. Improved efficiency in the allocation of resources towards priority projects is also required. While coordination within the transport sector is strong, this will necessitate closer engagement with central agencies and the PNG National Executive Council to ensure this translates into funding for priority projects.



OUTCOME 5: STRENGTHENED GOVERNANCE

Nearly all Australian aid activities include components aimed at improving governance either directly or indirectly. During 2015-16, Australian support for strengthened governance in PNG (totalling approximately \$81.63 million or PGK196.1 million) was delivered through: the Economic Public Sector Program; Provincial and Local Level Government Program; Electoral Support Program; the Pacific Leadership and Governance Precinct; Strongim Pipol Strongim Nesen (SPSN); Church Partnership Program (CPP); Kokoda Initiative; twinning between PNG and Australian departments; and the Strongim Gavman Program (SGP). Many of the programs transitioned on 30 June 2016 to a new facility to consolidate our governance investments.

The 'amber' rating for the governance outcome largely reflects Final Aid Quality Check (FAQC) reports, which indicate investments have performed adequately, with some significant achievements, but overall

With Australia's support, the Tanim Graun Q&A TV program screened a series of public policy debates to a viewing audience of 1.5 million people in 2015-16.


have achieved some of their original goals. While relevant and in most cases effective, investments required improvement in areas including efficiency, monitoring and evaluation, and sustainability. This is due in part to programs evolving with shifts in PNG and Australian policy, such as the focus since 2015 on district engagement. Support was delivered in a complex environment, as PNG continued to face challenges

including poor accountability for public expenditure and service delivery outcomes, and a lack of service delivery and revenue collection capacity. Worldwide Governance Indicators point to flat or small changes in three of six measures – perceptions of governance effectiveness, rule of law and control of corruption – between 2004 and 2014.

'Effective governance' is the shared goal of PNG's governance priorities as set out in its planning architecture including *Vision 2050* and the *Medium Term Development Plan 2 2016-2017*. Our Aid Partnership objectives are to support core government functions, private sector development (see separate cross-cutting section on page 20), civil society and community and leadership and coalitions. The progress against these objectives is set out below.

Australia provided high level technical advice to key national agencies such as the Department of Provincial and Local-level Government Affairs (DPLGA) to deliver on PNG's high-profile decentralisation priorities, including implementation of the District Development Authority (DDA) Act. A significant achievement has been supporting DPLGA's lead role in developing Provincial Service Delivery Functional Determinations, which are the key instruments that will give effect to the DDA Act by describing the functions of provincial governments, local level governments and DDAs. Our assistance to the National Economic and Fiscal Commission helped to deliver provincial and district expenditure review and cost of service studies to inform the national budget, which is critical in determining the level of funding required to deliver basic services in a given area of PNG.

Also at the sub-national level, Australia provided technical assistance in six agreed districts through the employment of highly skilled and experienced Papua New Guinean advisers. The advisers supported the establishment of DDAs in those districts and implementation of the DDA approach on the ground. Their sophisticated understanding of opportunities and challenges at the district level – and these can vary district to district – is helping to shape Australia's increasing support for PNG's decentralisation agenda into the future. Australia also tested innovative approaches to accountability at the national and district levels.



A pilot activity showed that Papua New Guineans are willing to use mobile phones to express their views on service delivery at the local level through public opinion surveys. Public servants also demonstrated a willingness to speak out against corruption through the Phones Against Corruption project. Under this project, funded by Australia and delivered by the United Nations Development Programme and the PNG Department of Finance, more than 21,753 SMS messages were received from 6,157 different users by December 2015. Two public officials have been arrested for fund mismanagement of more than US\$2 million (PGK6.3 million). Five more are waiting for court decisions, and approximately other 250 cases are being investigated.⁹


Australia supported PNG's preparations to host APEC 2018 through the placement of two PNG Government interns at the APEC Secretariat in Singapore. The internships provided a broad overview of the areas that PNG could develop and implement as APEC 2018 Chair. Our electoral support increased ahead of the 2017 PNG elections. Our engagement with the PNG Electoral Commission assisted to cleanse the electoral roll, which included removing duplicate entries, and map critical focus areas for election delivery in 2017.

In response to the PNG Government's new regulations on the employment of foreign advisers in PNG, Australia made changes to the SGP in 2015-16. Fifteen adviser positions in the PNG departments of Finance, Transport, Treasury, and Justice and Attorney-General ended on 31 December 2015. Seventeen SGP advisers working in technical and operational roles continue to work in PNG agencies. Australia worked with PNG through a Joint Working Group to discuss future advisory support, including donor coordination. We maintained institutional linkages between Australian and PNG Government departments through twinning arrangements. For example, the Australian Bureau of Statistics assisted the PNG National Statistical Office to release the PNG Gross Domestic Product estimates 2006-2013 in March 2016. More than 100 technical advisers, who work under contract for the broader Australian aid program, are continuing in their roles and are signing code of conduct agreements with PNG counterpart agencies.

A key investment in governance is the Pacific Leadership and Governance Precinct, targeting future bureaucratic and political leaders. The Precinct supports the PNG Government's ambitious program of leadership renewal within its public service at the national, provincial and district levels. Working with the key partners, the University of PNG and the PNG Institute of Public Administration, the Precinct performed as expected in 2015-16. It has delivered courses to more than 1,100 PNG students since February 2015. Of these, 170 also completed four diploma courses. Design concepts for new Precinct buildings were approved and tenders for construction began to be awarded in 2016. Across the total Australian aid program we trained 2,640 women and 4,051 men in the public service in core skills (6,691 total), against the performance benchmark of 6,680 for 2015-16.

In 2015-16 SPSN completed the delivery of projects and focused on monitoring and evaluation of the impact of activities. The nation-wide partnership aimed to enable civil society, together with the state and others, to better meet the needs and priorities of men, women and children in communities across PNG. It delivered positive outcomes, benefiting more than 92,000 people and involving more than 400 civil society organisations and 300 grants in 87 districts since 2009. The implementation and monitoring of the wide spread of projects has been a challenge, with mixed success in capacity building.

⁹ UNDP, Papua New Guinea: Phones against corruption, www.asia-pacific.undp.org accessed August 2016.



The CPP largely delivered its intended results to strengthen the capacity of PNG's seven mainline churches for effective service delivery and to give a voice to poor and marginalised communities across the country. The PNG Government modelled its own Church-State Partnership on the program, raising the level of engagement between church leaders and government ministers responsible for basic service delivery. A number of key projects were delivered under the Kokoda Initiative in 2015-16. We completed 36 health and education facilities and a further 36 water and sanitation facilities to communities along the Kokoda Track. Moreover, we supported PNG Government agencies – including the Kokoda Track Authority and Conservation Environment Protection Authority – to regulate the trekking industry and protect the environment through funding and technical and advisory assistance.

Outlook

In 2016-17 additional Australian support for PNG's elections will focus on the operational aspect of election delivery including logistics. We will prepare a new design of the Kokoda Initiative that will better and more flexibly respond to the development priorities of Kokoda Track communities, protect the environment and the cultural and historical heritage of the region and further strengthen the capacity of PNG's Kokoda Track Authority to keep the track open and safe. From 1 July 2016, a new PNG Governance Facility began delivery of most of our support under one flexible arrangement (whereas previously governance programs were delivered by a range of contractors). This new approach to consolidate the governance program and improve value for money and effectiveness was developed with the PNG Government in 2015-16. A Strategic Management Committee, co-chaired by senior PNG and Australian officials, will provide strong joint ownership and strategic direction on programming decisions.

CROSS-CUTTING ISSUES

GENDER EQUALITY AND WOMEN'S EMPOWERMENT

This objective was rated 'amber' because although some progress has been made, there was still room to leverage more outcomes from Australia's large mainstream investments and through diplomatic engagement. Eighty five per cent of Australian investments effectively addressed gender at implementation in 2015-16, exceeding the 80 per cent target in *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*. However, this represents a reduction of ten percentage points from 2014-15, reflecting a decline in collecting data and reporting on targets and the need to strengthen coordination, learning and advocacy¹⁰.

The Australian Government recognises that gender equality and women's empowerment are essential to PNG's economic and human development and are critical cross-cutting issues for Australia's engagement in PNG. The PNG Government's policy documents also recognise gender and social inclusion as important development priorities. The Aid Partnership commits both governments to "work together to promote gender equality and women's empowerment and increase efforts to address Family and Sexual Violence in Papua New Guinea". Specifically it includes the commitment, "where possible, schedules will seek opportunities to better improve the lives of women and girls in PNG". Each of the five schedules under the Aid Partnership includes specific gender targets – in the case of the transport sector, for the first time.

¹⁰ The decline could also be attributed to more rigorous contestation of results in the AQC process this year.

DFAT's *Gender Equality and Women's Empowerment Strategy*, released in February 2016, identifies three priorities for Australia's work on gender equality: enhancing women's voice in decision-making, leadership, and peace-building; promoting women's economic empowerment; and ending violence against women and girls and increasing access to support services. These pillars are incorporated into the Australian High Commission's *Gender Action Plan for PNG 2015-2020*, which provides an over-arching framework for engagement and investment in gender equality and performance targets for aid investments. The *Pacific Women PNG Second Country Plan (2014-19)* and the *Bougainville Gender Investment Plan (2014-19)* also provide guidance.

Australia supported women's leadership by assisting PNG to implement the National Public Service Gender Equity and Social Inclusion (GESI) policy. Our assistance included a GESI toolbox for government agencies, GESI focal points within those agencies, awareness and training, funding for agency activities and gender help desks. In Bougainville, we supported women's local leadership through a program that provided women with skills and knowledge to actively participate in the planning and delivery of 39 community development projects. Twenty of the 31 women who stood for parliament in the Autonomous Bougainville Government elections in 2015 identified as being actively involved in this program. They gained credibility as leaders at the local level and this gave them the confidence to run for parliament.



In Port Moresby, Australia supported two Meri Seif buses that provide safe and free transport for women and girls to access markets, the central business district and hospital.

Pictured above: Representatives of UN Women and the Australian High Commission PNG launch the second Meri Seif bus in Port Moresby in February 2016.

Australia's investment in women's economic empowerment included working with the coffee industry to improve the capacity of women farmers to participate in and benefit from farming. In 2015, women represented 43 per cent of participants in extension services (514 people), up from five per cent when the program commenced in 2013. Through Australian support, the Microfinance Expansion Project has provided financial literacy training to 43,063 women and 48,256 men. The Business Coalition for Women, funded by Australia and comprising over 50 successful businesses, developed an executive leadership course for women in the private sector. This course has sold out each time it has been run. Businesses pay PGK12,000 (\$4,800) per participant which is a measure of the demand for such training.

In addition to our support through PNG's law and justice sector, Australia has supported a number of targeted measures to address the multi-dimensional aspects of family and sexual violence prevention and response. The Business Coalition for Women has developed a full suite of policies, training and tools to cost the impact of violence and to help businesses address violence against women. The Coalition assessed the costs to three businesses of gender-based violence using this tool (launched by Australia's Ambassador for Women and Girls during her visit in 2015). The assessment found that on average each staff member loses over 11 days of work each year as a result of the impacts of gender-based violence. The PNG Government's Family and Sexual Violence Action Committee finalised and launched Referral Pathway Guidelines, which were drafted with Australia's assistance, to improve the coordination and quality of services available to survivors of violence. We supported more than 1,500 survivors of family and sexual violence to access services such as counselling; case management; and in some circumstances in the Highlands repatriation and reintegration for those who experienced or were at risk of sorcery-related or extreme violence.



Outlook

Gender indicators in PNG remain low. PNG has a 2015 Gender-Related Development Index (GDI) of 158 (out of 188), meaning women are severely lagging behind men in three basic dimensions of human development - health, education and command over economic resources. Demand continues to outstrip supply of quality services, particularly in relation to support provided to survivors of violence and, above all, in remote and rural areas and for women and girls with disabilities. Despite positive legal and policy developments, the PNG Government has dedicated limited funding to addressing women's equality and services. The constrained economic environment in PNG is likely to further limit the availability of resources.

While gender has become a key focus within many Australian aid investments, the annual report on the Gender Action Plan indicated a greater effort was needed to collaborate, learn and advocate. Monitoring and evaluating the impact of gender investments remains a challenge. A number of sectors did not have adequate data collection and reporting systems to effectively report progress against agreed targets. This will be a focus of management responses.

Australian sectoral programs are providing large numbers of training programs on a range of skill and knowledge areas to promote women's participation and economic advancement. More research is needed to see if this training translates into more income and control over assets for women. Research funded through Pacific Women in PNG indicates that increasing women's income does not necessarily lead to greater bargaining power within the household which is necessary to produce empowerment for women, control over resources and reduced violence.


The design of a women in leadership program under the Pacific Women program has been slower than expected. Implementation is now expected to begin ahead of the national election in 2017. Women's representation on district and ward councils, although mandated by law, remains low. In advance of the 2017 elections, the program will need to target investments to support women leaders at the local level upwards.

DISABILITY-INCLUSIVE DEVELOPMENT

While progress continued in addressing disability inclusive development, more needs to be done to mainstream disability responses throughout investments, as indicated by the 'amber' rating. Australia delivers assistance through sector programs and the SPSN program (see Outcome 5 for more information), which concluded on 30 June 2016. Through SPSN, Australia provided \$2.4 million (PGK5.8 million) in small grants in 2015-16 supporting gender and disability networks to advocate on behalf their constituents and to engage on the practical implementation of PNG Government policy focused on social inclusion.

Achievements included:

- the development of an advocacy strategy and plan to support the work of the PNG Assembly for Disabled People over the next 10 years, and enhance its capacity as an advocate for the implementation of PNG's National Policy on Disability. Through the Assembly, people with disability are working with the Constitutional Law Reform Commission in pursuit of disability specific legislation, as recommended under the National Policy on Disability.
- the Department for Community Development and Religion (the mandated agency for social inclusion) increasing its counterpart-funding support to disability inclusive activities including a data collection project which improved PNG's registration of disabled people
- increased access to disability support services for people with disabilities living in rural and remote areas through the delivery of assistive devices to 8,750 people (39 per cent women).



Disability-specific measures delivered through sectoral programs included four braille embossing machines delivered to regional educational locations around PNG. The 150 classrooms completed in 2015-16 included ramps and other design features to enable access for children with disability. Twenty two Australia Awards were offered to people living with disability in 2015-16, with the program providing support for equipment and other aids to reduce the barriers to study in Australia. Health infrastructure incorporated disability access into scoping, design and construction. Our sports for development programs regularly included people with disability in cricket, football and other activities to improve their quality of life and increase their participation in the community. Through a partnership with DFAT, CBM Australia provided technical support and broader capacity development to Australian High Commission officials in December 2015 to improve disability-inclusive programming.

Outlook

A lack of funding, accessible infrastructure, and capacity within the PNG Department for Religion, Youth and Community Development remain as key challenges for achieving disability-inclusive development. Australia will continue to implement disability inclusive activities through sectoral programs, the PNG Governance Facility (replacing SPSN activities), and by ensuring programs and delivery partners comply with policies including *Development for All 2015–2020: Strategy for strengthening disability-inclusive development in Australia's aid program* and the *Accessibility design guide: universal design principles for Australia's aid program*.

PRIVATE SECTOR DEVELOPMENT

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 economy is heavily dependent on the mining and petroleum sectors and needs to broaden its economic base if it is to withstand future price shocks and ensure greater inclusion. The cost of doing business in PNG remains high and deters greater investment. In the World Bank's 2016 Doing Business report, PNG ranked 145 out of 189 economies surveyed (141 in 2015). A lower ranking in the report indicates higher costs. PNG also rated poorly in the category of 'enforcing contracts' (169 out of 189, no change from 2015).


Twenty eight per cent of Australia's PNG aid budget for 2015-16 was allocated to aid for trade and private sector investments. This was up from 20 per cent in 2014-15 and meets the performance benchmark of 28 per cent for 2015-16. The 'green' rating reflects this achievement and the performance of projects described below. By 2017, we aim to allocate 50 per cent of the bilateral aid budget to infrastructure, and 30 per cent to aid for trade and private sector activities.

The Microfinance Expansion Project delivered financial education training to more than 85,000 people nationwide.

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, 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 Australian Government's broader economic diplomacy objectives. In 2015, we worked closely with the PNG Government 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.



The Microfinance Expansion Project delivered financial education training to more than 85,000 people (48 per cent women) nationwide through partnerships with regional non-government organisations, microbanks and faith based organisations. Through the project, more than 35,000 poor men and women increased their access to financial services in 2015-16 (84 per cent women), above the performance benchmark of 30,000. The project established a Centre of Excellence in Financial Inclusion Centre, a risk share facility (a mechanism to encourage lending to business), a women's micro-bank, microfinance industry standards and PNG's first women-only lending product. The project is currently working with its partner financial institutions to build their capacity, expand their footprint and deliver financial services to a predominantly rural population.

Australia supported an entrepreneurship pilot, the Kumul Game Changers project, aimed at unleashing creative solutions to development challenges. Over 40 per cent of the finalists in the business innovation start-up competition were women. One finalist has established himself in Silicon Valley.

Australia continues to have a strong focus of 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. A new ACIAR program aims to foster private sector-led development in agriculture, increase agricultural productive capacity and improve access to market for farmers in PNG, including in Bougainville, particularly women farmers. By working in innovative ways with women's groups and the private sector, both of which will lead various aspects of the program, we are seeking to develop new approaches to translating small-scale impacts of agricultural and forestry research for development into larger scale development outcomes in PNG.

Australia continued to strengthen PNG's capacity to deal with cross-border trade issues, such as quarantine and customs, to improve PNG's access to international markets. The Pacific Horticultural and Agricultural Market Access program began in PNG in late-2015. Since then it has supported the agriculture industry to re-establish export markets for coconuts to Australia at an approximate wholesale margin greater than 100 per cent of the local market price.


The Market Development Facility (MDF) was launched in PNG during 2015. The goal of the MDF is to sustainably increase employment and incomes for poor women and men in rural and peri-urban areas. The MDF is designed to address the impediments poor people face in accessing market opportunities. The MDF has established partnerships with private enterprises to identify profitable business opportunities that benefit the poor. A recent example is the MDF's agreement with local tourism web based booking operator, Village Huts, to expand its tours and village stays into new rural areas and improve existing services through a quality assurance accreditation scheme.

Outlook

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 policies directly impact on the willingness of the private sector to invest, and the job creation and public revenues that flow from economic growth.

AUTONOMOUS REGION OF BOUGAINVILLE

The focus of Australia's development assistance in Bougainville is to enhance stability and support development as Bougainville moves through the final stages of the peace process. Australia supports the shared PNG and Autonomous Bougainville Government (ABG) priorities of stability, security, and economic and social development. Australia's main objectives are to: improve the performance of the ABG and PNG Government in delivering autonomy and responsive governance; strengthen peace, stability and community cohesion; achieve sustainable and inclusive economic development; and improve delivery of basic social services. Empowering women and youth are cross-cutting priorities. We also assist the ABG to improve its transparency, accountability and communications to build the confidence of Bougainvilleans in the ABG.



Consistent with Australia's agreement with the PNG Government to increase Australia's aid contribution to Bougainville as a proportion of total aid to PNG, Australia delivered around \$47.4 million (PGK114.6 million) in assistance in 2015-16, an increase of \$1.9 million (PGK4.6 million) on 2014-15. Around 60 per cent of this figure comprises Australia's support through PNG-wide programs in the areas of health, law and justice, transport infrastructure and education, as described in this report. The remaining 40 per cent was delivered through dedicated Bougainville programs aimed at improved governance, economic development, gender equality, youth and peace building.

Through the Governance and Implementation Fund (GIF), which is co-funded with New Zealand, Australia provided comprehensive technical advice and project based support to key ABG departments. Outcomes in 2015-16 included the development of the Act relating to the formulation of Bougainville's community (local-level) government. The Act will bring reform to community governance, including a requirement for each government to have one male and one female member. Elections may be held in November 2016. We also assisted the ABG to complete and launch comprehensive infrastructure profiles for Bougainville's 13 districts. The profiles map current land use and infrastructure and budgetary information, as a basis for districts to plan their infrastructure priorities for the coming year and beyond.

Australia supported peace building through the Bougainville Peace Building Program (BPBP), which is co-funded by Australia and the ABG. The program focuses on community and traditional approaches to

We assisted 40 Bougainvilleans, including 16 women, to graduate from a program which qualified them for police entry-level training.


reconciling issues and grievances stemming from the Bougainville crisis. The program's successes included important reconciliations in Central and South Bougainville. The program strengthened the ABG's capacity to undertake peace building work by training a cadre of mediators as a

resource for districts to move ahead with local-level reconciliations. This support is improving communities' ability to resolve low-level disputes and is bolstering stability more broadly. In May 2016 we commissioned an independent review of the BPBP which will reshape elements of the program, in consultation with the ABG and stakeholders.

Australian assistance in the law and justice sector helped the ABG to develop the *Bougainville Law and Justice Mid Term Development Plan*. The plan provides a unifying framework for sector development. We assisted the ABG and PNG to re-establish magisterial services in South Bougainville and public solicitor services in Central Bougainville. We continued to construct a juvenile rehabilitation centre and we assisted 40 young Bougainvilleans, including 16 women, to graduate from a program which qualified them for police entry-level training. Twenty three continued to entry level training and graduated as probationary officers in the reporting period. The remaining 17 started their training in June 2016. This innovative program has boosted historically low numbers of Bougainvilleans in policing.

In 2015-16 Australia increased support to sustainable and inclusive economic development. Recognising that economic participation bolsters stability, our assistance focussed on improving primary industry production, the investment climate, business environment and trade links. We provided value chain diagnostics in cocoa and coconut to help inform the ABG's industry plans. Australia launched two new programs to support economic opportunities for farmers, develop the cocoa value chain and improve management strategies for cocoa and food security.

In the transport sector, Australia helped the ABG to maintain about 400 km of Bougainville's road network. About 80 per cent of Bougainville's population, schools and health facilities are in close proximity to the core road network that Australia helps to maintain. We also supported the sealing of eight town roads in the township of Arawa, Central Bougainville – including 9.7 km to Kieta Port – in order to connect population centres and promote improved trade connectivity and economic growth.



Investing in education is essential to improve Bougainville's human capacity. Support to the education sector helped the ABG to finalise a five year education plan. Forty four Bougainvilleans benefited from Australia Awards in PNG and Australia. We funded the establishment of the Bougainville chapter of the PNG Australia Alumni Association. In health, we continued to assist the ABG to progress key public health programs and reforms. Our technical assistance helped the Department of Health to develop a new workforce structure, the Bougainville Health Administration Bill and a mental health policy. With the Asian Development Bank, we built new community health posts with associated staff housing and ablution facilities in South and Central Bougainville. Sexual reproductive health programs and support for maternal health expanded to new sites.

Under our *Bougainville Gender Investment Plan (2014-19)* we delivered grants and projects to improve women's economic opportunities in cocoa farming and to support the Bougainville Women's Federation to deliver programs to empower young women's leadership skills and confidence. A grants program trained more than 1,400 young people in cocoa production, financial literacy and life skills.

Outlook

The Autonomous Region of Bougainville continues to face constraints to economic growth and human development, including low government capacity and additional challenges as a result of its nine year (1988 to 1997) civil conflict. We will continue to reinforce our development assistance through diplomatic engagement and broader international support. In 2016-17 Australia will roll out significant industry assistance aimed at boosting sustainable cocoa production and other primary industries prioritised by the ABG. To build greater fiscal sustainability, we will assist the ABG with the draw-down of revenue generation powers and functions and continue to provide advisory support on public financial management and taxation. In transport, Australia will continue our focus on maintaining priority assets and improving the ABG's capacity to develop and maintain quality infrastructure. Our focus in education will be on building 20 prefabricated primary school kits and training up to 50 TVET teachers to complete an Australian qualification in training and assessment. In health, we will focus on completing the upgrade of Arawa health centre and continuing our dialogue with the ABG on their commitment of funding for the procurement of medical equipment for the centre. We will continue to support the Bougainville Women's Federation to take a stronger role in policy development and advocacy and we will help the ABG to introduce the PNG Government's Gender Equity and Social Inclusion Policy in the public service.

PERFORMANCE BENCHMARKS

The AIP identified 10 performance benchmarks for the PNG aid program in 2015-16. An assessment of progress against each of these performance benchmarks is at Annex B. The program met the 2015-16 targets for seven of the 10 benchmarks. Table 3 identifies benchmarks and targets for 2016-17.

Table 3: Performance Benchmarks 2016-17

Promoting Effective Governance		
<u>Outcome</u>	<u>Benchmark</u>	<u>Target</u>
1.1: Improved services delivered by the public sector	Number of women and men in the public service trained in core skills*	Women: 3,000
		Men: 4,000
		Total: 7,000
1.2: Improved law and justice services	Number of survivors of violence receiving services, such as counselling**	Women: 15,000
		Males: 400
		Total: 15,400
	Number of police and law and justice officials trained	Women: 1,300
		Men: 3,200
		Total: 4,500
Enabling economic growth		
2.1: Private sector plays a greater role in economic development	Increase to 30 per cent of the aid program focused on private sector led growth and aid for trade***	29 per cent
	Number of poor women and men who increase their access to financial services	Women: 16,000
		Men: 24,000
		Total: 40,000
2.2: Improved road infrastructure increasingly connects producers with consumers	Targeted investments contribute to sustained improvements in the national road network. (Assessed by distance (km) of roads that are subject to design/routine maintenance / periodic maintenance and rehabilitation)	Routine: 700 km
		Design: 125 km
		Total: 825 km
Enhancing human development		
3.1: Improved infrastructure provides access to education	Number of school buildings constructed, maintained, refurbished or rehabilitated	30

3.2: The quality of key services and access to education are improved

Number of additional girls and boys enrolled in school

Girls: 75,000
Boys: 84,500
Total: 159,500

Improve Gross Enrolment Rate (GER) at Grade 5 (six years of schooling) for girls and boys, ensuring more girls in particular are reaching the upper primary education levels

Girls GER: 81.0 per cent
Boys GER: 93.5 per cent

3.3: The quality of key services in health and HIV/AIDS are improved

Number of additional births attended by a skilled birth attendant

9,500

** Excludes number of police and law and justice officials trained.*

*** These benchmarks reflect results from Australia's programs across PNG, including in the Autonomous Region of Bougainville.*

****This includes investments such as Education (Technical Vocational Education and Training); Education (Asia Pacific Technical College-PNG); Transport Sector Support Program (TSSPII); PNG Governance Facility; Private Sector and Rural Development investments; Bougainville private sector development investments; ACIAR investments; Gender investments (20% aid for trade); and Incentive Fund phase IV (30% aid for trade).*

MUTUAL OBLIGATIONS

Mutual commitments between the Australian and PNG governments were negotiated as part of the Aid Partnership, which was signed on 3 March 2016. The Aid Partnership period is 1 January 2016 to 31 December 2017.


The mutual commitments include: maintain a zero tolerance to fraud; work together to promote gender equality and women's empowerment and address family and sexual violence; increase efforts to address tuberculosis; strengthen public service capabilities through the Pacific Leadership and Governance Precinct; and continue to implement the Joint Understanding. Australia also committed to confirming that its development assistance is consistent with PNG National Constitution National Goals and Directive Principles. Australia's progress against these commitments, where it relates to program outcomes, is reported above. In accordance with DFAT's *Making Performance Count* framework, Australia's aid program in PNG has developed and implemented fraud control and anti-corruption strategies to safeguard Australian aid funding and help address fraud and corruption risks.

PROGRAM QUALITY AND PARTNER PERFORMANCE

Overview

Australia's continuing aid program pipeline in PNG is estimated to be \$3.5 billion over the next four years. The program currently has 36 significant aid investments valued at \$3 million or more, 35 of which are valued at \$10 million or more. The 36 investments are valued at \$2.9 billion in total, representing 82 per cent of the continuing program. Australia's aid to PNG is aligned with our performance framework, *Making Performance Count: enhancing the accountability and effectiveness of Australian aid*.

Program performance and quality is assessed against the *PNG Aid Investment Plan* (program strategy); as well as program and sector-level objectives, benchmarks and mutual obligations outlined in the Aid Partnership and sectoral schedules. The performance of Australia's assistance is reviewed and agreed annually with the PNG Government at bilateral development partnership talks.



Investment Quality Reporting (IQR) is undertaken annually to review the performance of contractors, investments, sectors and the overarching program. For the second time on record, in 2015-16 the PNG program achieved 100 per cent compliance on all quality processes. The program completed 26 Aid Quality Checks (AQCs), 35 Partner Performance Assessments (PPAs) and four Sector Performance Reports (SPRs), which generated evidence-based assessments of progress and reviewed and updated management actions. This APPR draws on these products. This approach enabled us to better understand what works and what does not, and to inform decisions made by departmental staff and delegates. Importantly, it provided evidence-based data to support the claim 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 2014-15 were examined during the IQR process. Reporting shows that management consequences were appropriately addressed in the investments that were on track in 2015-16. New management consequences for 2016-17 were established as an integral part of the process and were outlined in the SPRs that were produced and below in management responses. In 2015-16, the law and justice program successfully reviewed the performance of the Combatting Corruption Project to confirm progress and determine key lessons for future investments. The PNG program has several health investment review/evaluations scheduled to commence in 2016-17 (Annex C refers). We have also updated the four-year evaluation pipeline to appropriately resource reviews/evaluations over the life of the extant program. In 2016-17 several programs will prepare for mid-term reviews to be conducted in early 2017-18. A list of evaluations completed in the reporting period and pipeline of evaluations in 2016-17 is included in **Annex C**.

ANALYSIS OF AID QUALITY CHECKS (AQCS)

In 2015-16 the PNG program completed Aid Quality Check (AQC) reports for 26 investments, which were independently moderated by DFAT's Principal Specialist for Performance Management and Results and members of the PNG program. Australia's investments are largely delivering results and working as intended.

All investments reviewed were assessed to be relevant to Papua New Guinea's development context, while promoting Australian interests overseas. Of the program's 26 investments, relevance, effectiveness and meeting gender targets consistently achieved high ratings. On Gender, the PNG program continues to perform above the 80 per cent target (at 85 per cent), in line with DFAT's Gender Equality and Women's Empowerment Strategy. However, gender ratings at the investment level have decreased since 2014-15. This will be actively addressed as a management consequence in 2016-17.

As shown at Annex D, half of the PNG program's investments performed strongly over the reporting period. Scholarships, Education, Health and HIV Multilateral Partnerships, Health Capacity Development and Service Delivery, the Law and Justice Partnership, Drought, Microfinance Expansion Project, Transport Sector Support Program, and the Gender equality/Gender Based Violence investments are all tracking well across the reporting criteria. Investments that performed less well in 2015-16 included the Kokoda Initiative, the PNG Disaster Risk Management program, the World Bank PNG Multi-Donor Trust Fund, the Church Partnerships Program, the Pacific Leadership and Governance Precinct, Sports for Development, Strongim Pipol Strongim Nesen, the Economic and Public Sector Program, and the Strongim Gavman Program. The Kokoda Initiative continues to implement recommendations from the 2014 review to strengthen community engagement and improve livelihood opportunities for local communities. The 2015-16 transfer of management responsibility to the Australian High Commission and a managing contractor has improved performance. Most investments continue to perform well in 2015-16. Most impressively, the Gender Equality/Gender Based Violence investment successfully commenced its keystone project, Pacific Women Shaping Pacific Development in PNG, which significantly improved performance. A table of AQC ratings is in **Annex D**.

An ongoing challenge for program performance ratings has been establishing the clear links between inputs, outputs and higher-level outcomes with evidence-based data. Investing in quality design and Monitoring and Evaluation will be a priority.

PERFORMANCE OF KEY DELIVERY PARTNERS

In 2015-16 the PNG program wrote 35 Partner Performance Assessment (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 2015-16 approximately \$289 million of the \$404 million (71 per cent) of Australia's total bilateral program was implemented through commercial suppliers. Analysis of the PPAs and the AQCs indicates that the performance of contractors continues to be of a 'good' standard. Isolated cases of underperformance in 2015-16 were proactively addressed. The performance and capacity of multilateral and NGO partners in PNG improved throughout 2015-16. Recognising the important role of multilaterals and NGOs, Australia continues to provide ongoing support and assistance to build the capacity of partners in PNG. National NGOs continue struggle to gain traction and often lack sufficient internal governance structures and fiduciary risk mitigation processes and procedures. As such, the PNG program continues to engage and support local NGOs via an intermediary, such as their Australian NGO partner organisation, a reputable international NGO or a managing contractor.

RISKS

Table 3 Management of key risks to achieving objectives

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?	For emerging/ongoing risks provide a Risk Rating (low, medium, high, very high)
Increased cost of doing business in PNG due to a decrease in its macroeconomic stability. PNG Government fails to progressively increase the level of recurrent budget funding for maintenance on national priority assets.	<p>Adherence to the Aid Partnership priority to narrow the scope of work and broaden the involvement of stakeholders (e.g. provincial actors).</p> <p>Clear communication from the Australian High Commission (AHC) to relevant stakeholders and media about Australia's support for key impact projects.</p>	<p>Identify and introduce benchmarks and enter into negotiation with the PNG Government on incentives for achieving these benchmarks.</p> <p>AHC will explore options for transitional support through long term maintenance contracts, including potential PNG Government co-contributions.</p>	High
The Pacific Leadership and Governance Precinct does not deliver expected results due to a diminishment of commitment of University of PNG stakeholders.	Continued support to PNG Government partners to build and maintain political and bureaucratic commitment through engagement by the Joint Oversight Group, University of PNG Project Steering Committee and through the Australian Foreign Minister, Australian High Commissioner and Minister Counsellors and embedded technical advisers within institutions.	<p>Manage expectations through regular updates to the Foreign Minister's office.</p> <p>Minimise the impact of the recent security developments (i.e. UPNG led student protests, termination of academic year) on the Precinct program through clear and continuous professional engagement with the University of PNG's senior management.</p> <p>The gender team plays a lead role in mainstreaming and advocacy of gender throughout the program. Implementation of gender equity and social inclusion policies ensures that these issues are constantly addressed in the program.</p>	High

<p>Perception by either government (Australia or PNG) that they are failing to deliver on the Joint Understanding (JU) commitments.</p>	<p>Clear communication with different stakeholders about the extent of Australia's support for the JU.</p> <p>Dedicated JU oversight mechanisms at bilateral, DFAT and project levels.</p>	<p>Manage expectations through regular updates to stakeholders.</p> <p>Senior post oversight and engagement with Chief Secretary to address bottlenecks and escalation where needed.</p>	<p>High</p>
<p>*New Colombo Plan (NCP) visit results in a consular case.</p> <p><i>*Under the NCP policy DFAT is not the responsible organisation for student welfare and safety. Due to the in-PNG security situation and the NCP's visibility and links to the Australian Government, the risk to Australia's reputation is considered major, should a consular case occur.</i></p>	<p>Regular update meetings held with Counsellor, Education on all NCP activities.</p>	<p>Develop a handbook on what students can expect in PNG to assist them with their preparations.</p> <p>In close consultation with the consular team and Canberra, ensure all necessary administrative requirements are in place such as arrival times in PNG, Smart Traveller registrations, and travel insurance.</p> <p>Ensure the public diplomacy team at post have a media plan.</p> <p>The education team develops an NCP management plan for post.</p>	<p>High</p>
<p>An increase in the incidence of fraud and/or corruption impacts the aid program.</p>	<p>Fraud management training conducted at the AHC for all key stakeholders as part of the AHC's strengthening of service delivery linkages amongst partner sectors.</p> <p>Programs maintain stringent controls over financial management and expenditure, including trust and imprest accounts, with a zero tolerance for fraud or corruption.</p> <p>AHC maintained an aid program fraud risk register with controls which are revised and updated on a regular basis.</p>	<p>Managing contractors/service providers report on performance and expenditure monthly/quarterly.</p> <p>To enable a greater depth of assurance across the operation of individual partners and programs in PNG, the AHC established an audit services panel in December 2015. The panel will soon be able to conduct sector audits on risk, fraud, financial management, governance structures and in other areas as required by the sector teams.</p>	<p>Medium</p>
<p>The TB program is not successful in addressing the increase of TB cases in Western Province and the National Capital District, due to an inadequate amount of financial and HR resources.</p>	<p>Through policy dialogue with the PNG Government, it was supported to mobilise additional third party funding for the TB response and encouraged further to allocate sufficient funding in its budget.</p>	<p>Continue to raise the funding shortage issue for TB at PNG Government ministerial level at all opportunities.</p> <p>Facilitate discussions with PNG's central public health laboratory to resolve bottlenecks to certification.</p> <p>Regular dialogue with Australian Government MPs on the extent of TB and efforts to manage it.</p>	<p>Medium</p>

Security environment in PNG continues to present serious concerns for staff safety.

Regular security training (such as high threat defensive training) is undertaken at post and during pre-posting.

Email and SMS security alerts are provided to all staff and families alerting to new risks and advising of risk mitigation strategies.

Security escorts/guards are stationed at A-based residential compounds and the AHC.

Ongoing monitoring of the security risk environment to ensure the identification and implementation of appropriate risk controls.

Regular communication with staff to ensure the security environment is understood and policies and procedures are adhered to.

Medium

MANAGEMENT RESPONSES

The majority of management responses identified in the 2014-15 APPR were achieved with four partly achieved. A summary of the progress on management responses is in **Annex A**. In 2016-17, Australia will work towards achieving the management consequences identified in this report, relevant sector performance reports and Aid Quality Checks. Management responses for 2016-17 are set out below.

- Improve program cohesiveness and continue the consolidation of investments through implementing the PNG Governance Facility.
- Prioritise support with partners for PNG's delivery of the 2017 elections.
- Finalise a design for the next phase of the Kokoda Initiative that will better and more flexibly respond to the development priorities of Kokoda Track communities, protect the environment and the cultural and historical heritage of the region and further strengthen the capacity of PNG's Kokoda Track Authority to keep the track open and safe.
- Update the PNG aid program's four year evaluation pipeline in consultation with DFAT's Office of Development Effectiveness to support the current PNG program management cycle.
- Manage the transition to future advisory support, including donor coordination, through the Joint Working Group with PNG.
- Agree and commence implementation of new activities to support the law and justice sector.
- Update the design of the Pacific Leadership and Governance Precinct ensuring it has a clear theory of change, simplified monitoring and evaluation structure and sustainability plan.
- Prepare and implement sector investment plans for the education and health programs. The five year education sector investment plan will guide our support to PNG to implement reforms in the education sector. The health sector investment plan will inform future investment in areas including health financing and public financial management.
- Prepare a Performance Assessment Framework for the PNG aid program that outlines the expected results to be achieved by Australian aid investments and how these will be measured.
- Improve monitoring and evaluation and other program management through the Program Effectiveness team at post managing aid training for the PNG program.
- Continue to implement the Gender Plan of Action for Port Moresby post to strengthen outcomes for women and girls through Australian engagement and investment in PNG.
- Continue to support the implementation of the Daru Accelerated Response for Tuberculosis and encourage PNG to provide sustainable adequate funding for the response and to seek new sources of external funding.
- Roll out significant industry assistance in Bougainville aimed at boosting sustainable cocoa production and other primary industries prioritised by the Autonomous Bougainville Government.

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

Progress made against management responses identified in the *PNG Aid Program Performance Report 2014-15*

Management responses identified in 2014-15 APPR	Rating*	Progress made in 2015-16
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 and with clearly defined benchmarks and mutual obligations, in 2015-16.	Achieved	The Aid Partnership, signed on 3 March 2016, includes schedules for health, education, law and justice, transport and governance, and benchmarks and mutual obligations.
Implement the PNG Private Sector Development Framework, which has been agreed between governments.	Achieved	The Private Sector Development Framework has been progressively implemented, with contracts signed with implementing partners and program activities underway.
Prioritise the design, tender, and implementation of the new governance program, based on an agreed multi-year governance strategy.	Achieved	Contracts between DFAT and the preferred tenderer for the PNG Governance Facility, Abt JTA, came into effect on 5 April 2016. The Facility began operating on 1 July 2016.
Manage the transition to the new law and justice sector program, the Justice Services and Stability for Development Program (JSS4D), from late 2015.	Achieved	The JSS4D program commenced in January 2016, carrying forward some activities from the previous program. Delays to the signing of the subsidiary arrangement until June 2016 resulted in the planning of some new activities starting in June.
Implement the Gender Plan of Action for Port Moresby post, which was developed in 2015.	Partly achieved	Although some progress has been made, according to the annual report on the Gender Action Plan, progress has been less than expected and there is still room to leverage more outcomes from large mainstream investments and through diplomatic engagement.
Improve the performance of the Kokoda Initiative (KI), Strongim Gavman Program advisory support and the Church Partnership Program (CPP).	Partly achieved	The management of the KI moved from the Department of the Environment to the PNG post. Australia and PNG formed a Joint Working Group to discuss future advisory support. A redesign of the CPP will review lessons and explore ways to refine the CPP for greater impact.
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.	Partly achieved	The PNG program achieved 100 per cent compliance on all mandatory aid quality and performance reporting. The program did not centralise monitoring and evaluation support at Port Moresby post.
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.	Achieved	DFAT child protection training was provided to all staff working on the PNG program in Port Moresby and Canberra in 2015-16 and will be provided again in 2016-17.
Analyse the PNG aid program's overall performance against the 2008-2015 Partnership for Development and PNG's progress in meeting the Millennium Development Goals (MDGs).	Partly achieved	The 2014 Aid Assessment reviewed PNG's progress against the Partnership for Development and the MDGs and made recommendations for developing the Aid Partnership Arrangement.

***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 2015-16

Aid objective	2015-16 benchmark	Target	Rating	Progress in 2015-16
Outcome 1.1: Improved services delivered by the public sector	Number of women and men in the public service trained in core skills*	Women: 2,680 Men: 4,000 Total: 6,680	Achieved	Across the Australian aid program we trained 2,640 women and 4,051 men in the public service in core skills (6,691 total).
Outcome 1.2: Improved law and justice services	Number of survivors of violence receiving services, such as counselling**	Women: 13,720 Men: 280 Total: 14,000	2015-16 figures not available	14,323 survivors of violence accessed support services from Royal Papua New Guinea Constabulary Family and Sexual Violence Units in 2014. The 2015 data is incomplete and updated figures will be included in future reporting. We expect that figures will be as high or higher for 2015.
	Number of police and law and justice officials trained	Women: 1,139 Men: 2,942 Total: 4,081	Achieved	4,483 (1,056 women, 3,427 men) police and law and justice officials were trained with Australian assistance in 2015-16. The proportion of women was short of the benchmark, but should improve as new activities are rolled out.
Outcome 2.1: Private sector plays a greater role in economic development	Increase to 30 per cent the percentage of the aid program focused on private sector led growth and aid for trade***	28 per cent	Achieved	Several programs commenced in PNG during 2015-16, including the Pacific Horticultural and Agricultural Market Access and Market Development Facility programs.
	Number of poor women and men who increase their access to financial services	Women: 12,900 Men: 17,100 Total: 30,000	Achieved	Over 35,491 people increased their access to financial services, 29,843 of whom were women (84 per cent).

Aid objective	2015-16 benchmark	Target	Rating	Progress in 2015-16
Outcome 2.2: Improved road infrastructure increasingly connects producers with consumers	Targeted investments contribute to sustained improvements in the national road network. (Assessed by distance [km] of roads that are subject to design/routine maintenance / period maintenance and rehabilitation)	Routine/periodic: 423 km Rehabilitation: 27 km Design: 60 km Total: 510 km	Achieved	During 2015, Australia funded the maintenance and upgrading of 1,400 km of PNG's road network.
Outcome 3.1: Improved infrastructure provides access to education services	Number of school buildings constructed, maintained refurbished or rehabilitated	30	Achieved	Australia completed 150 classrooms, 55 teachers' houses, and 57 sanitation facilities in 2015.
Outcome 3.2: The quality of key services in health and HIV/AIDS are improved	Number of additional births attended by a skilled birth attendant	9,250	Achieved	In 2015, Australia contributed to the supervision of 11,457 births supervised by skilled birth attendants.
Outcome 3.3: The quality of key services and access to education are improved	Number of additional girls and boys enrolled in school	Girls: 71,000 Boys: 84,000 Total: 155,000	Partly achieved	In 2015, approximately 133,000 additional girls and boys were enrolled in school.
	Improve Gross Enrolment Rate (GER) at Grade 5 (six years of schooling) for girls and boys, ensuring more girls in particular are reaching the upper primary education levels	Girls GER: 80.5% Boys GER: 93%	Partly achieved	For girls, the GER in 2015 improved to 82 per cent. For boys, it improved to 92.4 per cent.

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

*Excludes number of police and law and justice officials trained.

**These benchmarks reflect results from Australia's programs across PNG, including in the Autonomous Region of Bougainville

***This performance benchmarks captures not only our aid for trade investments but also our investments in private sector led growth, such as support to the Asia Pacific Technical College-PNG.

ANNEX C- EVALUATION PLANNING

List of evaluations completed in the reporting period

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INI194 PNG-Australia Law and Justice Partnership	Evaluation of the RPNGC Family and Sexual Violence Units	December 2015	Not applicable	Not applicable	31 December 2015

List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Health Capacity Development and Service Delivery program	INK214	July 2016	November 2016	To verify success and inform future investments	Mid-term review
Papua New Guinea – Australia Transport Sector Support Program Phase 2 (TSSP)	INK081	August 2016	February 2017	To assess the positive, negative, intended and unintended consequences of TSSP over its two phases and identify areas for improvement.	Independent evaluation
Reproductive Health Training Unit	INK214	August 2016	November 2016	To provide recommendations for future support	End of program review
The Maternal and Child Health Initiative	INK214	September 2016	December 2016	To make an independent assessment of the effectiveness and value for money of the program	End of program assessment

ANNEX D- AID QUALITY CHECK RATINGS

AQC RATINGS*

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
PNG Education program (INJ761, INJ316)	\$274m 2011-17	2016 AQC	6	5	5	3	5	4	6
		2015 AQC	5	5	4	4	5	5	5
PNG Health Capacity Development and Service Delivery (INK214)	\$284m 2011-17	2016 AQC	6	5	5	5	3	5	5
		2015 AQC	6	6	6	6	6	6	6
Papua New Guinea Drought (INL847)	\$8.5m 2015-17	2016 AQC	5	3	5	5	5	5	5
PNG Health and HIV Multilateral Partnerships (INJ858)	\$68m 2011-16	2016 AQC	6	5	5	5	5	5	4
		2015 AQC	5	4	3	4	5	4	5
PNG Health and HIV Procurement Program (INK651)	\$78m 2013-16	2016 AQC	6	5	3	5	4	5	5
		2015 AQC	6	5	5	4	5	5	5
PNG Health and HIV Financing Program (INK653)	\$48m 2013-17	2016 AQC	5	5	4	3	5	5	4
		2015 AQC	5	5	5	3	5	5	5
Transport Sector Support Program (INK081)	\$377m 2015-19	2016 AQC	6	5	5	5	5	4	6
		2015 FAQC	5	5	5	4	4	4	5
World Bank PNG Multi-Donor Trust Fund (INL752)	\$30m 2015-19	2016 AQC	5	4	4	3	4	3	3
		2015 AQC	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Supporting Electoral Processes in PNG (INJ466)	\$27m 2011-18	2016 AQC	5	5	5	3	4	4	5
		2015 AQC	5	4	5	4	4	4	4
Private Sector and Rural Development (INL497)	\$60m (2014-20)	2016 AQC	6	3	4	4	4	4	4
		2015 AQC	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Pacific Leadership and Governance Precinct Program (INL610)	\$69m (2014-19)	2016 AQC	6	5	3	3	4	4	4
		2015 AQC	5	4	4	4	4	4	5
PNG Microfinance Expansion Project (INJ550)	\$6.9m (2010-18)	2016 AQC	6	5	5	6	5	5	5
		2015 AQC	6	5	5	5	5	5	5
Strongim Gavman Program and Twinning Cluster (INI767, INJ364)	\$217m (2009-17)	2016 AQC	5	4	3	2	3	4	3
		2015 AQC	6	4	3	3	3	4	3
Gender Equality / Gender Based Violence (INI402)	\$58m (2008-20)	2016 AQC	6	5	5	5	3	6	5
		2015 AQC	5	5	3	5	4	6	3
Sports for Development (INL684)	\$10m (2015-18)	2016 AQC	4	3	4	4	3	5	4
		2015 AQC	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt

*AQC investment performance over the previous 12 months and where available last year's AQC ratings are included.

FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Scholarships PNG (INI815, INJ262, INJ465)	\$94m 2009-16	5	5	5	5	5	6	6	5
PNG Disaster Risk Management Program (INJ302)	\$9.2m 2010-16	3	4	4	3	3	4	4	3
PNG-Australia Law and Justice Partnership (INI194)	\$183m 2009-16	5	6	5	5	5	4	5	5
Strongim Pipol Strongim Nesen (INI382)	\$104m 2009-16	4	5	5	3	4	3	5	4
Church Partnerships Program Phase II (INJ313)	\$50m 2010-16	4	5	4	3	3	4	5	4
Kokoda Track Initiative (INH843)	\$26m 2008-16	4	4	3	4	2	3	3	4
Provincial and Local Level Governments Program (INK615)	\$106m 2012-16	4	5	4	3	3	4	4	4
Economic and Public Sector Program (INI903)	\$126m 2009-16	4	5	3	4	4	3	5	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.