

MANAGEMENT RESPONSE TO DIRECT FINANCING SUPPORT REVIEW (PNG EDUCATION), 2018

Summary of management response

DFAT welcomes this evaluation, which we view as a constructive and well informed contribution to strengthening the PNG Education and Leadership Portfolio. We agree with six out of seven recommendations, noting they are more ‘lessons learned’ for future programming, given the Direct Financing Support mechanism has concluded. Work is underway to incorporate two of these lessons learned as they apply to current programming.

Independent Review	DFAT response		
Recommendations	Response	Action	Timeframe
<p>Recommendation 1</p> <p>The time and context must be ‘right’ for both donor and partner government.</p>	<p>Agree</p>	<p>New investment design in the education sector will include an assessment of the appropriateness of timing and context for the introduction of new modalities. Introduction of modalities such as pooled funds, trust accounts and earmarked sector budget support would be considered when the conditions for doing so are right and the context is conducive in terms of policy, leadership, incentives, systems and personnel. It would also follow DFAT’s approach to fiduciary risk management of using complementary technical assessment and external independent audits.</p> <p>DFAT notes the mention in the report of the fiscal constraints currently facing the PNG economy, placing acute downward pressure on service delivery sectors including education. Beyond the education sector, DFAT is working at a whole-of-government level to leverage Multilateral banks to increasingly engage in PNG, including concessional loans with World Bank and Asia Development Bank. DFAT has also supported PNG to release its first Sovereign Bond to address public financing. DFAT will continue to work with central GOPNG departments including Treasury, to explore concessional financing options, and with the National Department of Education to support them to access external financing under the Global Partnership for Education.</p>	<p><i>For future programming</i></p>

<p>Recommendation 2</p> <p>Budget support should start small and build over time with a focus on particular reform initiatives while building strong monitoring and reporting systems.</p>	Agree	<p>In the future, designs of any new budget support mechanism will consider targeting particular reform initiatives, a full assessment of existing system and how robust monitoring and evaluation can be implemented.</p>	<p><i>For future programming</i></p>
<p>Recommendation 3</p> <p>Develop robust monitoring and evaluation mechanisms and strengthen existing system.</p>	Agree	<p>The PNG Education and Leadership program is developing a Portfolio-wide M&E framework as well as strengthening monitoring and evaluation frameworks at the investment level, drawing on external expertise. A facility will also be established for independent and on-demand monitoring and evaluation services across education and health.</p> <p>DFAT is also providing ongoing technical assistance to strengthen the use of data and reporting within the GoPNG education system, including support to the Education Management Information System and Monitoring and Evaluation Unit in the National Department of Education.</p>	<p><i>Technical assistance to GoPNG – ongoing</i></p> <p><i>Targeted Monitoring and Evaluation expertise – by July 2019</i></p>
<p>Recommendation 4</p> <p>Prioritise a strategic focus for budget support investments.</p>	Agree	<p>This strategic focus is relevant for all DFAT programming and will be considered for new investments.</p>	<p><i>For future programming</i></p>

<p>Recommendation 5</p> <p>A budget support modality requires long time frames.</p>	Agree	<p>Any new mechanisms should be designed with an appropriate level of flexibility and risk management to allow for changes in policy and fiscal context. DFAT agrees that gains from budget support program are unlikely to succeed without long term engagement in the sector.</p>	<i>For future programming</i>
<p>Recommendation 6</p> <p>Relationships between donors and government should be sustained.</p>	Agree	<p>Since the inception of DFS in 2010, Australia's bilateral relationship has matured towards an economic partnership with new bilateral architecture. The Education and Leadership Portfolio Plan reflects this changing relationship dynamic. It will establish a strategic oversight committee to support and integrated and collaborative approach with GoPNG.</p> <p>DFAT will also continue to work closely with the National Department of Education through the Local Education Group, led by the Secretary of the Department and to co-chair of the Education Partners Consultative Committee.</p>	<i>Ongoing</i>
<p>Recommendation 7</p> <p>Document the DFS story in more detail.</p>	Partially agree	<p>While DFAT considered this review sufficient documentation of the DFS modality, DFAT will continue to monitor and evaluate some of the particular projects made under DFS (eg. ICT upgrades at teachers colleges) to better understand sustainability and long-term impact.</p> <p>This review has already been used to inform the Education and Leadership Portfolio Plan 2019-2023, and will form part of the background documentation for any upcoming design work.</p>	<p><i>For future programming</i></p> <p><i>A short summary prepared by March 2019.</i></p>