

# Provincial and Local-Level Governments Program

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Program Design Document  
2012 – 2017

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Volume 1: Main Design

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## Acronyms and Glossary of Terms

ABG	Autonomous Bougainville Government
ARB	Autonomous Region of Bougainville
AUD	Australian Dollar
AusAID	Australian Agency for International Development
CACC	Central Agencies Coordination Committee
CD	Capacity Development
CDSD	Community Development & Service Delivery
CPP	Church Partnership Program
DCD	Department of Community Development
DA	District Administrator
DAC	Development Assistance Committee of the OECD
DAC	District Aids Council
DEC	Department of Environment & Conservation
DFAT	Department Foreign Affairs (Australia)
DIRD	Department of Implementation and Rural Development
DNPM	Department of National Planning & Monitoring
DoT	Department of Treasury
DPLGA	Department of Provincial & Local Government Affairs
DPM	Department of Personal Management
DSIP	District Services Improvement Program
EC	European Commission
EHP	Eastern Highlands Province
ENBP	East New Britain Province
EPSP	Economic and Public Service Program
EU	European Union
GIF	Governance & Implementation Fund
GoPNG	Government of Papua New Guinea
HR	Human Resources
IRG	Independent Review Group
IT	Information Technology
JPPBPC	Joint Provincial Planning and Budgeting Priorities Committee
JDPBPC	Joint District Planning & Budgeting Priorities Committee
KDP	Kokoda Development Program
KI	Kokoda Initiative
KRA	Key Result Area
LLG	Local Level Government

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LNG	Liquefied Natural Gas
M&E	Monitoring and Evaluation
MEF	Monitoring and Evaluation Framework
MPA	Minimum Priority Activities
MTDP	Medium Term Development Plan                      2011-2015
MTR	SNS Mid Term Review (2009)
NACS	National AIDS Council Secretariat
NDoE	Department of Education
NDoH	Department of Health
NCOBA	National Coordination Office for Bougainville Affairs
NEC	National Executive Council
NEFC	National Economics Fiscal Commission
NRI	National Research Institute
NZAID	New Zealand Agency for International Development
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
OLPGLLG	Organic Law on Provincial Governments and Local Level Governments
PA	Provincial Administrator
PAC	Provincial AIDS Council
PCMC	Provincial Coordination & Monitoring Committee
PEC	Provincial Executive Council
PFMS	Public Financial Management System
PGAS	Papua New Guinea Accounting System
PLGP	Provincial and Local-Level Governments Program
PLLSMA	Provincial and Lower Local Services Management Authority
PMD	Performance Monitoring Division (DPLGA)
PMT	Provincial Management Team
PNG	Papua New Guinea
PNGDSP	Papua New Guinea Development Strategic Plan 2010-2030
PPII	Provincial Performance Improvement Program
PSRMU	Public Service Reform Management Unit
PSWDP	Public Sector Workforce Development Program
RIGFA	Review of Intergovernmental Financial Arrangements
SDMM	Service Delivery Model Mechanism
SEM	Senior Executive Management
SIP	Service Improvement Program
SNI	Sub-National Initiative

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SNS	Sub-National Strategy
SPSN	Strongim Pipol Strongim Nesen
SWAP	Sector Wide Approach
TA	Technical Assistance

## **Definitions**

This design uses the following definitions taken from *Use of Advisers in the Australian Aid Program - Operational Policy: Adviser Planning, Selection and Performance Management* (March 2011)

### **Adviser**

Personnel who provide advice on the strategic direction and/or support the implementation of Australian aid and whose professional fees or salary are paid from within the official development assistance budget. Advisers share technical expertise and advice with, and support agreed capacity development aims of country partners (government and non-government), AusAID, or other development partners (whole-of-government, other donors), regardless of whether they are based in-country, in Australia or elsewhere. They may be engaged by AusAID or through a managing contractor or as whole-of-government deployees; they may be operating on either a short- or long-term basis; and they may be performing either in-line or off-line functions. The equivalent DAC term is 'TA personnel'. For policy purposes, the term 'adviser' does not include permanent/ongoing employees of AusAID, volunteers, administrative and logistical staff engaged under an AusAID program, or company representatives/head office staff of managing contractors or of other implementing agencies.

### **Technical Assistance or TA**

TA is the provision of expertise in the form of personnel, training and research. It comprises activities that augment the level of knowledge, skills, technical ability or productive aptitudes of people in developing countries, as well as services (such as consultancies, technical support or the provision of expertise) that contribute to the execution of a capital project. TA should include both free-standing TA and TA that is embedded in investment programs or included in program-based approaches.

### **Capacity and Capacity Development**

Capacity is: the ability of people, organisations and society as a whole to perform appropriate functions effectively, efficiently and in a sustainable manner

Capacity development is: the process by which people, organisations and society as a whole develop competencies and capabilities that will lead to sustained and self-generating performance improvement

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## Map of Papua New Guinea Provinces and Basic Data



Province	Population	2011 Budget (K 000s)	2011 Function Grants (K 000s)	Total Employees
Bougainville	141,161	242,435	-	3,029
Central	183,153	139,503.8	11,129.4	1,603
Eastern Highlands	429,480	199,569.2	15,959.5	3,481
East New Britain	220,035	151,725.4	9,049.2	3,327
East Sepik	341,583	222,512.1	22,584.1	3,096
Enga	289,299	193,458.5	10,183.2	3,866
Gulf	105,050	78,763.4	9,889.4	2,892
Madang	362,805	167,629.2	17,022.4	3,079
Manus	43,589	57,805.8	7,507.5	1,082
Milne Bay	209,054	130,628.1	13,789.0	2,867
Morobe	536,917	266,154	7,712.2	4,876
National Capital	252,469	19,264	-	-
New Island	118,148	146,901	36,088.6	1,989
Northern	132,714	116,859.3	8,397	1,578
Simbu	258,776	133,748.1	12,751.5	2,761
Southern Highlands	544,352	243,130.0	13,056.7	4,123
West New Britain	184,838	127,785.4	9,464.8	2,742
West Sepik	185,790	116,383.6	14,355.9	1,608
Western	152,067	208,619.1	4,459.2	1,697
Western Highlands	439,085	228,562.9	14,852.4	3,866



## Executive Summary

### Introduction

This design is organised around five chapters:

- Chapter 1 provides a general introduction and background as well as an overview of the Sub-National Strategy program phase 1. Annex 5 presents a contextual analysis including lessons learned and an appreciation of the evolving sub-national institutional and policy context within Government of Papua New Guinea.
- Chapter 2 presents the design rationale, including a theory of change. It provides a detailed presentation of program goal, component objectives, and expected results.
- Chapter 3 presents the program's implementation arrangements including, governance and management arrangements, programming and budgeting procedures, an overview of capacity development approaches including use of advisers, and indicative budget.
- Chapter 4 proposes a Monitoring and Evaluation Framework for the program and discusses links with the envisaged whole-of-program monitoring and evaluation framework, which is currently under design.
- Chapter 5 discusses program feasibility and sustainability. It includes an assessment of risks and proposes risk mitigation measures. It also presents crosscutting issues on gender, HIV and AIDS, disability, physical environment and indicates how these will be addressed within the program.

These chapters are supported by a set of annexes contained in a separate volume.

### Design Rationale

The program *theory of change* is structured around three mutually reinforcing intervention strategies that together support the achievement of the **End of Program Outcome of *increased capacity of provinces (including selected district administrations and LLGs), and other key institutions, to implement and account for decentralised service delivery functions:***

1. Strengthening the capacity of sub-national administrations to coordinate and manage the delivery of services, based on the determination of functions, with particular emphasis on the implementation capacity of districts and LLGs.
2. Enhancing demand for and evidence of service delivery improvement through improved mechanisms for performance monitoring and accountability between sub-national government and national government and between sub-national government, local politicians, civil society and the public at large.
3. Promoting a joined up whole-of-government approach to decentralised service delivery that promotes a coordinated approach and that recognises the respective mandates and responsibilities of central agencies, sector departments and sub-national government in delivering decentralised services.

Note: for ease of reference the word 'provinces' includes the Autonomous Region of Bougainville which has its specific autonomy arrangements, which are acknowledged.

The high level Development Outcome is '***a performing and accountable decentralised service delivery system***'.

**Key principles of engagement** that inform the design are:

- Support needs to be selective and strategic and should come behind elements of a GoPNG change strategy
- Support at provincial level must reflect the change readiness and opportunities/ priorities afforded by different provincial contexts
- Support for capacity development needs to focus on strengthening GoPNG own systems and resources.

**Key design considerations** include:

- *Duration*: The design represents an explicit *evolution* of the current program. This phase will be five years running from July 2012-June 2017.
- *Name*: Phase 2 is named the *Provincial and Local-Level Governments Program (PLGP)*. The term 'sub-national' has been removed to align the program to the OLPGLLG names for PNG's two lower levels of government with decentralised service delivery functions. The term "program" is deliberately used to distinguish it from the broader sub-national "strategy" that AusAID PNG is developing as a whole-of-program responsibility.
- *Budget*: An annual budget in the range of A\$25 –A\$27 million (including A\$1 million from the Kokoda Initiative and the cost of AusAID's provincial representatives) is envisaged to cover the requirements of the program. This has the potential to be scaled up. GoPNG is also expected to increase its own Development Budget funding for DPLGA to maintain PPII.
- *Partners*: The program will focus its work with partner institutions at the national and provincial levels, while working with provinces to engage with district level administrations and LLGs. It positions provinces and districts as the focal point of engagement as key enablers and coordinators of service delivery.

The program is to be implemented through three concurrent and mutually reinforcing program components, each guided by an intermediate component outcome and each has a set of sub-components with appropriate outcomes. A further set of lower level outcomes and results are indicated for each sub-component.

**Component 1:** the component intermediate outcome is '***capacity of provinces (and selected district administration and LLGs) to deliver services strengthened according to functional assignments***'. The sub-component outcomes are:

- 1.1 Strengthened skills, systems and processes in provinces (and selected district administrations, LLGs) contributing to sustained service delivery

- 1.2 Kokoda Development Plan support for Central and Oro provinces, districts and LLGs integrated into the administration's and services improved
- 1.3 Increased capabilities of the Autonomous Government of Bougainville to govern and provide services in support of the Bougainville Peace Agreement and the Constitution.

Component 2: the intermediate component outcome is ***enhanced demand for, and use of, performance information by key national, provincial and district stakeholders to manage and account for service delivery***. The three sub-components level outcomes are:

- 2.1 Strengthened PLLSMA with other key national institutions meeting national service delivery accountability, monitoring and reporting responsibilities.
- 2.2 Enhanced and rebuilt provincial and district administration capacity meeting service delivery, accountability monitoring and reporting responsibilities.
- 2.3 Applied research and policy analysis completed and used to strengthen decentralised service delivery and governance effectiveness.

***Component 3:*** the intermediate component outcome is ***whole-of-government approach to decentralised service delivery operational***.

- 3.1 Coordinated national response to challenges of decentralised service delivery with PLLSMA playing a lead role.
- 3.2 Provinces supported with central agency engagement, policy advice and timely capacity development activities.

A *Results Matrix* (see annex 6) summarises the objectives and expected results of each component and sub-component.

The design also makes recommendations for implementation of the *AusAID Sub-National Strategy*, including providing options the role of the AusAID Provincial Representatives (see annex 8). Implementation of the strategy is regarded a corporate responsibility for all AusAID sectors. PLGP will share collective responsibility to see the strategy implemented providing leadership where it has a comparative advantage for doing so. The sub-national strategy is not therefore included as a component of the new design.

### **Implementation Arrangements**

The *governance and management* arrangements for the program differ from SNS phase 1 where AusAID maintained individual engagement strategies with the key counterpart agencies and for which there was no over-arching GoPNG coordination mechanism. The design proposes:

- PLLSMA, chaired by Secretary DPLGA, to be the high-level co-ordinating committee replacing the current PPII specific steering committee.

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- The present multi-agency PPII Secretariat, to change into a PLLSMA sub-committee with day-to-day functional responsibility for coordination of all development partner activities housed within DPLGA, including PLGP.

*AusAID and Contractor:* The design describes the respective roles and responsibilities of AusAID and the contractor. The strategic and operational direction of the program rests with GoPNG and AusAID. The Contractor contributes to development results by supporting this agreed direction, through patient and deliberate building of PNG program participant capacity, providing timely advice, thinking strategically, adapting to program experience, and addressing crosscutting issues.

*Capacity Development and Advisers:* Guidance is provided on how the program will approach capacity development. This guidance is informed by the recently published AusAID TA Review recommendations. Emphasis is given to greater use of non-adviser forms of technical assistance and to strengthening GoPNG's own capacity development programs and institutions.

*Financing arrangements* are detailed in the attached Risk Assessment (Annex 11). The PLGP will continue to use PNG systems in the manner recommended by the assessment, including through the adoption of additional risk mitigation measures and strengthen culture of compliance.

*Annual Planning Process:* The design recommends that PLGP supports DPLGA/PLLSMA to introduce an annual planning process that will work within GOPNG systems to develop a coordinated plan and budget to support implementation of agreed sub-national capacity development initiatives. While detail should be included in the annual planning process, funding allocated in respect of specific geographical areas (such as Kokoda and Bougainville) will be subject to established joint-government approval processes.

### **Monitoring and Evaluation**

The design proposes a monitoring and evaluation framework that:

- Subscribes to a *results logic* that recognises the capacity development role of the program and the need to focus on the combined efforts of GoPNG and AUSAID.
- Identifies *key performance questions* related to processes, outputs and outcomes at component and program levels that contribute to telling a story. It proposes a *typology of indicators* to monitor capacity development and service delivery results.
- Suggests *sources and methods for collection and analysis* of monitoring information with an emphasis placed on working with and strengthening GoPNG systems.
- Takes account of the various *reporting requirements* of AusAID and GoPNG and makes the case for mutual accountability and learning.
- Suggests *how the program level MEF can fit into a broader cross program MEF* that aims to understand and account for the combined efforts of AUSAID programs to improving service delivery.

- *Proposes resourcing needs of MEF implementation* to ensure that it happens.

### **Risk and Feasibility**

*Risks* are presented in relation to overall strategy and implementation, the program components and program management. Risk mitigation measures are presented in the annexed Risk Matrix. Technical, financial, social, cultural and institutional dimensions of *feasibility* are also addressed as well as sustainability.

*Cross-cutting* issues related in particular to *Gender Equality* and *HIV and AIDS* are also addressed. The program has identified opportunities and activities to mainstream and directly address these cross-cutting issues across the program components, building on the experiences of phase 1 and on new opportunities and insights. The overall gender equality strategy for this program and the aid program as a whole will be enhanced if the program supports on-going research that looks at gender inequality as a political economy issue with specific barriers that are inhibiting PNG's decentralised system of government from improving service delivery for both men and women.

The design advocates that the program's HIV/AIDS response is guided by the National HIV/AIDS Strategy. The program's starting points is the current program's *Strategy for Addressing HIV as a crosscutting issue* with its eight outcome focus areas.

## 1. Introduction

### 1.1 Background to the Design

This program design document for the Provincial and Local Governments Program (Phase 2) builds on an extensive body of work. The current SNS program has been running from 2005 and ends mid-2012. The SNS program's objective has been to improve service delivery by strengthening the capacity of sub-national institutions.

SNS has been subject to on-going six-monthly monitoring. It also benefits from periodic reviews conducted by an Independent Review Group. In 2009, a Mid-Term Review (MTR) was commissioned by AusAID. In 2010 DPLGA commissioned an independent review of the Provincial Performance Improvement Initiative (PPII) the recommendations of which it has endorsed. In 2009 AusAID also commissioned papers to inform the country program on sub-national themes, now collectively combined in the *Interim Guidance Note*.

### 1.2 Design Preparation Steps

The terms of reference for this design are Annex 1. The main steps leading to the preparation of this PLGP program design document have included:

- Preparation of a Concept Note in late 2010, which was peer reviewed in February 2011. The peer review recommended that AusAID proceed with the design of a second phase. The Concept Note provides the framework for designing this second phase. It calls for a sharpening of objectives (and commensurate results framework) and tighter intervention logic guided by a theory of change, including a strategy for capacity development support. The Concept Note anticipates a comparable funding envelope of approximately A\$25 million per annum.
- The Design Team<sup>1</sup> conducted two weeks of in country consultations between 7 and 18 March 2011. The design team has extensive experience in Papua New Guinea and associations with the sub-national service delivery sector. Annex 2 briefly notes that experience. A list of people consulted is contained in Annex 2. Documents that informed the design are referenced in Annex 3.
- The design mission Aide Memoire was presented on 18 March 2011.

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<sup>1</sup> Tony Land, Team Leader, Felecia Dobunaba, Consultant, John Mooney Consultant, Joe Sungi Provincial Administrator West Sepik Province, Dickson Guina, Director CBD, DPLGA and Rodney Polly, Social and Administration Division DNPM.

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- The formal draft design was delivered on 19 May 2011 after several versions had been shared with AusAID.
- A peer review of the design was held on 26 July 2011 with the Quality at Entry report signed on 27 September 2011.
- The design team submitted revised draft on 30 September.
- AusAID made further minor revisions to the design, including the Theory of Change during October/November 2011. These were signed off by a representative of the design team.
- Design was finalised November 2011.

### **1.3 Contracting**

The current SNS support contract finishes at the end of May 2011. A contract was tendered for the extension of the current program for 13 months. Under that contract AusAID has the option to either extend that contract for a further three years plus two years to incorporate this program or to retender this program as a whole.

### **1.4 The current SNS program**

Significant preparation work for the design of a second phase to SNS took place prior to the design mission in March 2011. This culminated in the concept note, which concluded “it is envisaged that all components of this assistance (the current program) would continue under a second phase of the program”. Therefore, it is worthwhile to briefly describe the current program and provide a roadmap over its history and to its performance.

Key descriptive parts of SNS contained in the Concept Note are incorporated as Annex 4 to this design. SNS started with the Sub-National Initiative in 2004 and is described at Annex 4-1. The policy paper from that time is at Annex 4-2. There are aspects of that paper that this design supports broadly including the objectives, the concept of engagement through central agencies and the positioning of Australian assistance with the provinces that show commitment and achievement.

The goal of the current SNS is ‘Improved service delivery for the men, women and children of Papua New Guinea’, with the following three focal areas:

- 1 ‘Supporting PNG Government initiatives that aim to improve public administration and governance processes related to enhanced service delivery;
- 2 Supporting improved performance in provinces or regions of national interest to both governments (e.g. Bougainville); and
- 3 Informing the alignment of AusAID’s sectoral PNG programs so that they are more responsive to service delivery challenges at the sub-national level’.

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Focus areas one and two have constituted the core of the current program and will remain the focus of the proposed second phase. Based on the recommendation of the 2009 MTR, the third goal of improved alignment is now a cross-cutting PNG program issue, led by the PNG program executive.

Assistance under the SNS is agreed through a flexible bilateral annual planning process that aligns with the PNG Government calendar year budget. It is agreed with, and comes behind, the various SNS stakeholders' priorities. Ongoing engagement informs the consultation process and there is also flexibility for emerging priorities.

An approximate summary of spending under the \$24 million per annum program is: \$19 million for capacity building support to DPLGA (including provinces), National Economic and Fiscal Commission (NEFC), Department of Implementation and Rural Development (DIRD) and National Research Institute (NRI). This is achieved through advisers (50% PNG advisers and 33% female advisers), provincial exchanges, training, secondments, peer reviews and scholarships. This amount includes contractor and AusAID management costs; \$3 million through Bougainville's Governance and Implementation Fund and \$2 million in incentive grants to provinces (K500,000 for a phase 1 province and K1 million for a phase 2 province). A map of this assistance is at Annex 4-3.

A central component of the current program is the PNG Government's Provincial Performance Improvement Initiative (PPII), which shaped the SNS design. A current summary of the PPII program is at Annex 4-4.

SNS's flexibility has enabled it to respond to advice, reviews, emerging policy contexts and opportunities. AusAID leads and actively manages the SNS including the partnership with the PNG Government to realise these opportunities. Lead AusAID staff for SNS are located within the DPLGA. In addition, eight AusAID representatives (co-located officers) are currently located in four provinces and the Autonomous Region of Bougainville. Agreed inputs between AusAID and the PNG Government are delivered by an Implementing Service Provider.

SNS's performance as described in the Concept Note is at Annex 4-5. This summarises key achievements taken from a number of reviews.

Of further relevance and background are:

- Annex 4-6: A summary of the Interim Guidance Note. The Guidance Note and supporting papers covered four topics: Dialogue and Engagement; Capacity Development; Funding Modalities and Public Financial Management; and, Performance Monitoring and Evaluation. The Guidance Note team, which included this mission's members, then suggested some guiding principles to achieve the Note's vision.
- Annex 4-7: A summary of the MTR.
- Annex 4-8: A summary of the Independent Review of the PPII (July 2010).



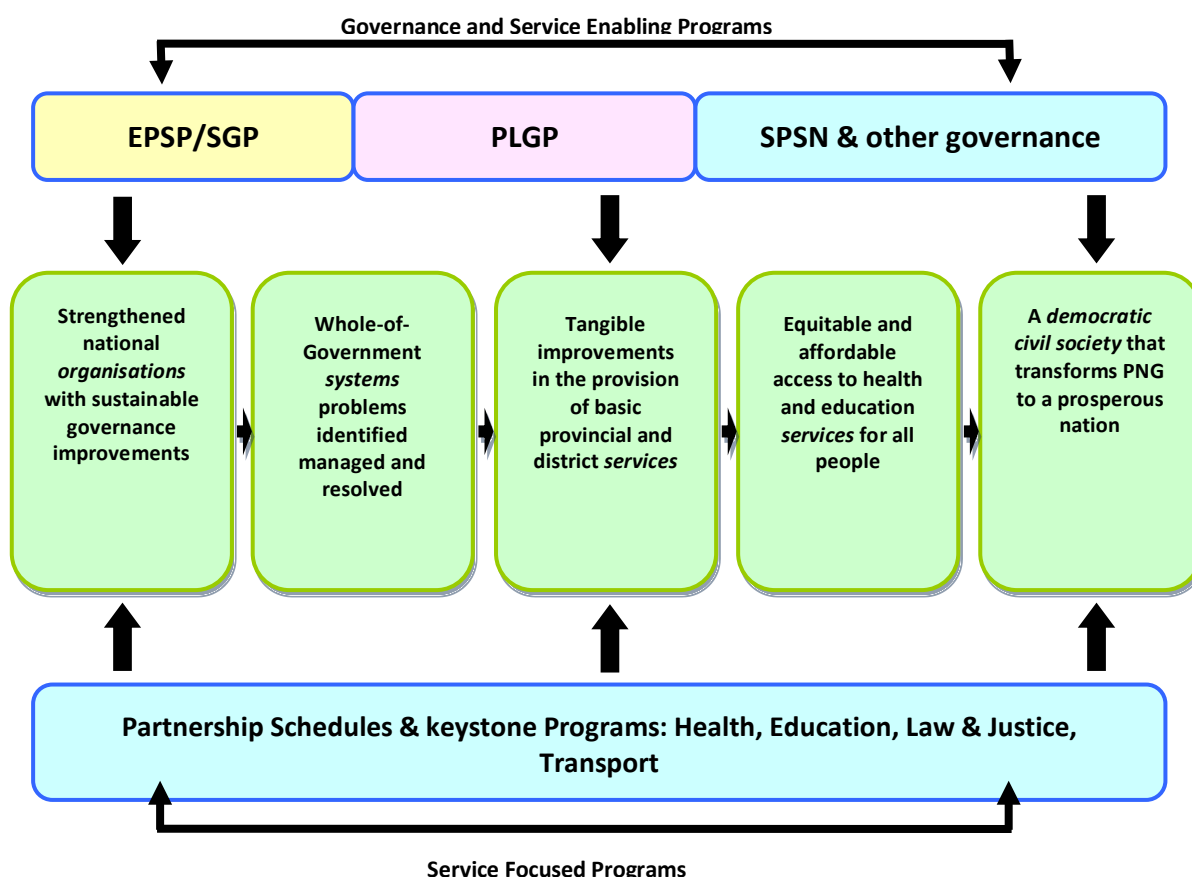
- Annex 4-9: Summary of possible entry points for a sequent phase of sub-national assistance.

### 1.5. The ‘Strategy’ and the ‘Program’

The 2009 Mid Term Review of SNS recommended that there should be a significant differentiation between AusAID’s strategy for sub-national engagement and its specific program of activities. This recommendation has been accepted. It is recognised that the strategy requires all AusAID sectors and programs to contribute to service delivery outcomes. This program is highly relevant and significant in that context but it cannot achieve lasting change on its own, just as DPLGA and the provinces must work in the whole of government PNG system.

AusAID programs can play a role in improving public sector performance by: joining up GoPNG agencies; improving the understanding of performance issues in the system; building the capacity of organisations and competencies of individuals; and promoting a culture of good leadership by supporting good leaders and managers and emerging ones. These programs are articulated in the four Partnerships for Development Schedules. The relationship between programs and the change progression is illustrated in this diagram taken from the Economic and Public Sector Program’s recent Strategy Review (September 2011).

**Figure 1: Relationship of AusAID’s Programs**



The Peer Review recommended that the agency consider developing a whole of program sub-national strategy outside the scope of this program. A further option is to develop a delivery strategy for the governance and service enabling programs. This may be more appropriate given how the PNG program architecture is developing.

## **1.6 Context Analysis**

Annex 5 provides an overview of the policy and institutional context pertaining to decentralised service delivery in Papua New Guinea. Readers who are less conversant with PNG and the status of decentralisation in the country are encouraged to read the Annex.

## **2. Program Rationale**

### **2.1 Theory of Change**

In the first phase of SNS, AusAID assisted GoPNG to implement various initiatives aimed at improving sub-national service delivery. Based on lessons drawn from SNS as well as from AusAID's education, health and democratic governance programs, and an appreciation of current and future challenges, the following theory of change has been prepared to guide the proposed phase 2 program.

The theory of change does two things. First it explains *where* the PLGP will intervene, *what* it will do and *why*. Second it explains *how* the PLGP should engage, as a facilitator of a country-led change process.

#### **2.1.1 Where the Program should Intervene, What it will do and Why**

Primary responsibility for service delivery in Papua New Guinea is entrusted to sub-national government (provincial and local level governments) as prescribed in the 1995 Organic Law and subsequent enabling legislation.

The quality of decentralised service delivery has, however, remained unsatisfactory for a variety of reasons. These include; sector-specific policy and operational challenges, cross-cutting issues related to weaknesses in public administration and governance such as public financial management, policy coordination and coherence, and human resources management, issues to do with politics, power and leadership, funding, as well as logistical and technical issues.

The GoPNG, together with development partner assistance, has been working to address these multiple constraints to service delivery. Through various initiatives, progress has been made in a number of areas. Examples include the Reform of Inter-Governmental Financial Arrangements (RIGFA), re-establishing PLLSMA, the *Determination of Service Delivery Functions and Responsibilities to*

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*Provincial and Local Level Governments* (Determination of Functions), Service Improvement Program (SIP), Service Delivery Model Mechanism (SDMM), District Services Improvement Program (DSIP), PPII, as well as extensive analytic work such as the NEFC's Provincial Expenditure Reviews, and *The Case Study on District and Facility Funding* ('District Case Study'). Through such initiatives, GoPNG has gained a much better insight into the challenges and constraints of service delivery from upstream policy making in Waigani down to front line service delivery in PNG's rural communities.

Although to date, Papua New Guinea has not had an explicit policy to guide its collective response to these challenges, the wider development policy framework articulated through *Vision 2050*, the *Development Strategic Plan 2010-2030*, *Medium Term Development Plan 2011-2015* and the Lae Summit (2009) today offer an important reference point for going forward.

The program *theory of change* is structured around three mutually reinforcing intervention strategies that together support the achievement of the End of Program Outcome of **increased capacity of provinces (including selected district administrations and LLGs) to implement and account for decentralised service delivery functions**:

1. Strengthening the capacity of sub-national administrations to coordinate and manage the delivery of services, based on the determination of functions, with particular emphasis on the implementation capacity of districts and LLGs.
2. Enhancing demand for and evidence of service delivery improvement through improved mechanisms for performance monitoring and accountability between sub-national government and national government and between sub-national government, local politicians, civil society and the public at large.
3. Promoting a joined up whole-of-government approach to decentralised service delivery that promotes a coordinated approach and that recognises the respective mandates and responsibilities of central agencies, sector departments and sub-national government in delivering decentralised services.

The high level *Development Outcome* is '**a performing and accountable decentralised service delivery system**'.

These three intervention strategies are key to the development of any decentralised service delivery system. They are i) mutually reinforcing, ii) priorities for GoPNG and iii) entry points for GoPNG and development partner assistance and resources. Collectively, they can help create a more robust enabling environment for decentralised service delivery, for the benefit of the children, women and men of Papua New Guinea.

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For GoPNG, DPLGA is the standard bearer of governance and service delivery improvements in the provincial and local level government. The above approach is consistent with the DPLGA approved corporate Plan 2012 – 2016. The corporate plan is structured around five Strategic Result Areas where DPLGA will support and strengthen:

1. Service delivery by provinces and local-level governments (LLGs).
2. Governance in provinces and LLGs.
3. Coordination, performance monitoring and reporting.
4. Enhanced performance of LLG Special Purpose Authorities and special projects.
5. Ministerial support, effective and value for money corporate services.

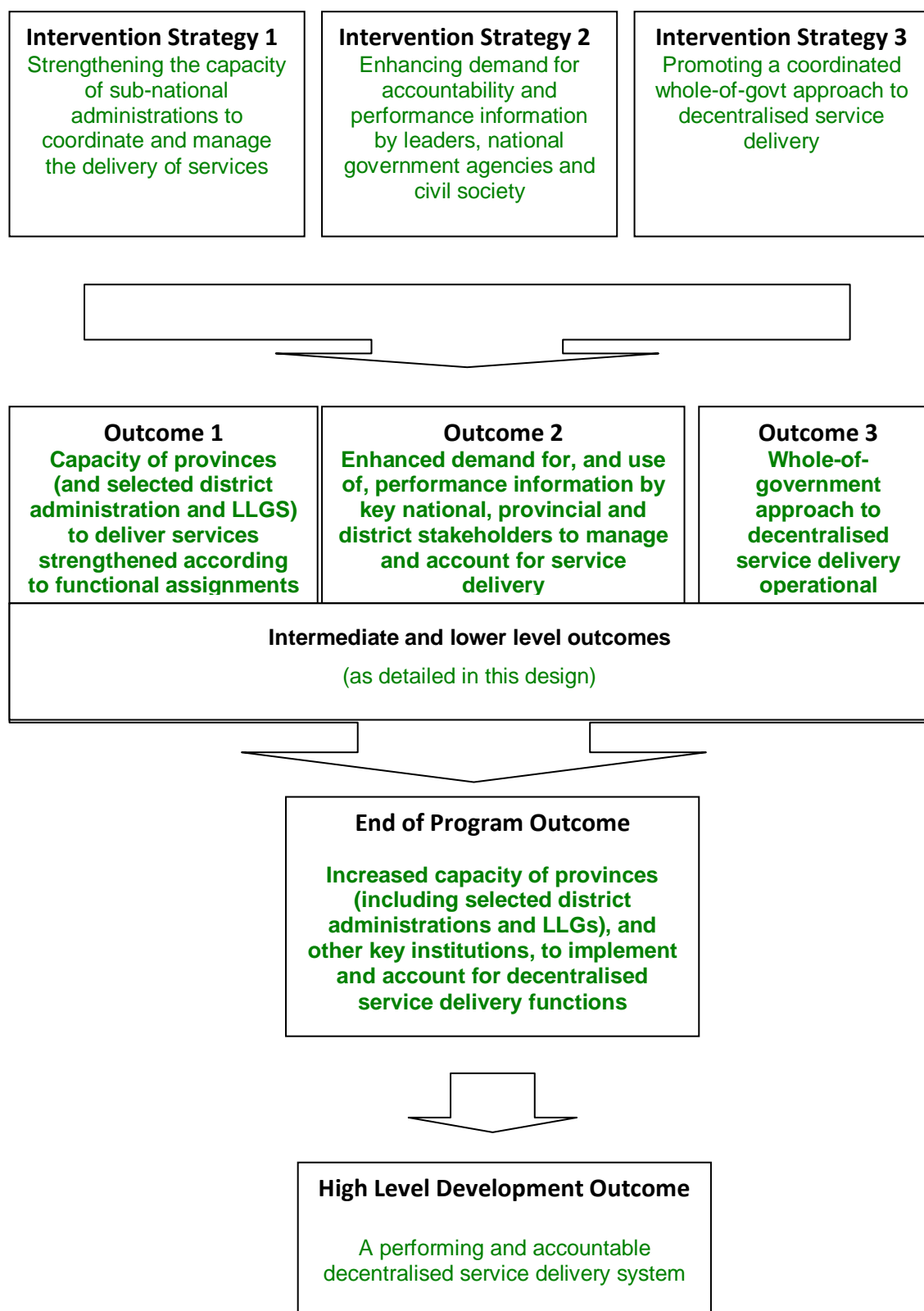
The plan states that there are four themes that will receive more prominence in its work:

1. *We will work across all our functional areas building provincial capacity in public administration, helping provinces to work as a level of government, and improving their monitoring of performance and reporting;*
2. *We will enhance the capacity of the department to undertake capacity building activities in the provinces and through them to the districts and LLGs. We will increase our efforts to ensure compliance with the requirements of the Organic Law.*
3. *We will further advance our role as the secretariat to PLLSMA strengthening monitoring and coordination of the implementation of national policies.*
4. *We recognise that LLGs are the third tier of government. They have been neglected and need special attention across government to address their weaknesses in governance, funding, systems and service delivery.*

This logic also strongly complements the philosophy of the *Partnership for Development* and AusAID's *2011 – 2015 Key Issues for PNG Program Implementation* approach which comes in behind GoPNG with a coherent and focused aid program that seeks to improve the quality and responsiveness of decentralised service delivery through direct and capacity development initiatives:

- in the health/HIV, education, law and justice and transport sectors;
- support to central government agencies to clear bottlenecks and constraints and to improve national performance management– the Economic and Public Sector Program
- working with civil society, non state actors and democratic governance to enhance engagement and accountability – Strongim Pipol Strongim Nesen, the Churches Partnership Program.

**Figure 2: Theory of Change**  
**Intervention Strategies and Program Outcomes**



### 2.1.2 Three areas of interventions

#### **Capacity of provinces (and selected district administrations and LLGs) to deliver services strengthened according to functional assignments.**

This is a priority for the government and will remain core business for DPLGA. The new government and the prime minister in particular are publicly stating that the lack of public service capacity at the national and sub-national levels, not money, is the major development constraint in PNG today. While neither a new nor unknown conclusion the fact that these statements are being made from the highest levels of government is new. The stated intention to make fixing capacity constraints a priority for government and development partners is a sound foundation for PLGP given that the breadth of support released is likely to be sustained beyond any particular ministry.

Building on the success of the PPII, DPLGA is now developing a follow-up package of assistance to further develop provincial, district and LLG capacity. Drawing on lessons of experience, an enhanced package of assistance will retain elements of the existing PPII approach, including a focus on strengthening core corporate/ administrative functions based around provincial corporate plans as well as the core principle of responding differentially to provincially-driven change processes. It will also introduce new elements, including a revised 'incentive package' incorporating a new level recognising that all provinces are now engaged in PPII and that the needs of the so-called higher performing provinces differ. Such an incentive package would be linked to enhanced eligibility/ compliance criteria, and opportunities for co-funding with other sources of provincial/ district funding. It will also recognise that the total package of support to a province should be considered rather than just a large cash payment. Greater focus will also be given to addressing implementation constraints (including those related to infrastructure and access) at the district level, as well as the capacity needs of LLGS.

The first phase of PPII illustrated among others three important considerations.

- Given the variable PNG political, social and economic context, provinces respond differently to opportunities for change, and develop at different speeds. A menu of assistance, with graduated levels of support that can be adapted to particular needs of a province is therefore essential.
- Strong leadership while critical to success can also mask serious underlying organisational weaknesses. Care, caution and a high dose of reality are needed in assessing the true sustained capacity of provinces or districts going forward given changes in government and the 2012 elections. PPII was very successful as a facility in encouraging provinces to engage with DPLGA. With all partners on board a more rigorous approach to assessment and resourcing should be an expectation.
- Focusing on core administrative functions is a necessary step towards developing the capacity for service delivery implementation. Higher

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performing provinces, that now have in place core capabilities including leadership, are better positioned to address implementation bottlenecks and to play a capacity building role towards districts and LLGs.

It is indeed expected that higher performing provinces will adopt a “whole of province” view of service delivery taking account of all sources of funding coming into the province, and providing a coordinated response. They are also expected to engage more purposefully with open members to drive the organisational change process for better performance, especially at the district level, given the open members’ recognised influence and the funding they bring. For the weaker provinces, putting in place basic administrative and governance structures, processes and systems will remain a priority. However, as noted above, caution is needed in making assumptions about what is a higher performing province and what is a weaker province. The new PPII will need strengthening to ensure more rigorous assessments are made and that DPLGA enforces compliance, a theme in its new corporate plan.

DPLGA will also integrate PPII approaches into its core business bringing all divisions into the process. This is timely given the success of PPII in catalysing reform at provincial level and in terms of the new engagements and close relationship that has now been forged between DPLGA and sub-national government as a result of the program. The envisaged ‘mainstreaming’ of PPII into DPLGA will help to further consolidate the expectations of provinces for DPLGA to serve as the “mother” of the provinces, their principal contact for the provision of capacity development support from across central agencies, and advocate on decentralised service delivery matters.

DPLGA is not yet in a position to take forward these initiatives on its own and has invited AusAID to continue to provide assistance. While it is exercising the necessary leadership and vision to take the process forward, it still faces significant implementation challenges. AusAID has the opportunity to continue to play a strategic and supportive role, coming in behind GoPNG, in the development and execution of the replacement PPII and in supporting DPLGA in its mainstreaming exercise. This will make a critical contribution to enhancing the quality of sub-national service delivery, by putting in place core public administration capabilities within provincial headquarters and districts, and by strengthening the oversight, coordination and representational roles of DPLGA.

#### **Enhanced demand for, and use of, performance information by key national, provincial and district stakeholders to manage and account for service delivery**

This has emerged as a second priority for the government through the *Medium Term Development Plan* and recent government announcements. It now requires more explicit, concerted and systematic attention than has been received in the past. As international experience has shown, *increased capacity does not necessarily lead to better service delivery unless there is a clear demand for better performance,*

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*and mechanisms in place to hold service providers to account.* Such demand can be exercised:

- (i) through the accountability and compliance of lower local governments and provincial administrations to central government, its laws, policies and priorities,
- (ii) by ensuring that provincial and district administrators have access to performance information that allows them to hold their staff to account, to make strategic resource allocation decisions and for provincial governments and administrations to be held accountable themselves,
- (iii) by supporting civil society, including women and youth to engage in leadership roles, local planning, implementation and monitoring; and
- (iv) by ensuring that the political leadership at provincial, district and local levels is fully engaged in the planning, budgeting and reviewing provincial, district and ward plans and budgets and are demanding better performance.

GoPNG has begun to strengthen performance management particularly through the resuscitation of PLLSMA and the implementation of s 114 and 119 reporting at the national level and the establishment of PCMCs at the provincial level. It is recognised, however, that much more needs to be done to get systems up and running on a sustainable basis and to promote a culture of performance and accountability at both national and sub-national level that can reinforce the capacity building support provided through PPII. Improvements need to be made at all levels.

- At the national level, the role of PLLSMA in coordinating the collection and analysis of performance information has to be further systematised. PLLSMA has made great strides to get reporting systems functioning, and in so doing, has raised its own profile and awareness of the value of sharing information across government departments. DPLGA under its re-structure has allocated significant new resources to the PLLSMA Secretariat showing GoPNG commitment that PLGP can reinforce.

Meanwhile, NEFC and NRI have emerged as well performing and soundly led key institutions that can feed policy discussions and the review of performance through the collection and analysis of quantitative and qualitative data. This also contributes to raising transparency and public interest in the activity of sub-national administration.

- At the provincial and district level, there is a growing appreciation and interest in using performance information as a basis for decision-making and resource management, as well as for purposes of accountability. This is most apparent among the higher performing provinces where in particular, provincial administrators are ready to tackle service delivery constraints. Equally, there is awareness that local political leaders who have tended to distance themselves from sub-national administrations, need to be more



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fully engaged in providing oversight and in holding the administration to account for service delivery. Additionally, they need to be held to account for their performance given the resources at their disposal.

- The role of civil society in participating in and demanding performance from provincial administrations is also recognised. The establishment of PCMCs in a number of provinces has provided a forum for multi-stakeholder engagement in performance review and trouble-shooting. But this is a new process and will require considerable resources if it is to be a success nationally.
- A number of initiatives, some supported by development partners including AusAID, have also explored ways to better engage the community at large, and women in particular, in local planning and monitoring processes (e.g. AusAID's Democratic Governance Program, ward planning exercises and the European Commission's program within DPLGA for district support). AusAID's HIV, education and health programs all have capacity building support targeted the strengthening of participation in service delivery.

Strengthening demand for performance and accountability is thus a strategic priority. *It can be regarded as the flip side of the work carried out by PPII to strengthen core administrative functions.* Through PLGP, AusAID has an opportunity to work with GoPNG to give a boost to this strategic area of work in the areas defined above. Coming behind GoPNG leadership and through provision of support to critical on-going initiatives, AusAID can work with PNG leadership to put the spotlight on performance management and accountability for decentralised service delivery.

But PLGP cannot do the whole job. Performance management is a cross-cutting and system wide challenge. The program will focus primarily on improving performance management across different levels of sub-national government and between sub-national government and the national level.

It will also support PLLSMA to explore synergies with GoPNG sectors and their development partners who are concerned primarily with sector-specific performance issues, and also with Governance programs that focus on the participation of civil society and their engagement at the ward and LLG levels.

As shown in phase 1 through PPII and the work with DPM PLGP can stimulate GoPNG's agencies to work together. AusAID and other development partners can then come in behinds PNG's priorities.

AusAID's overall Sub-National Strategy (SNS) is pivotal in defining and managing the interfaces and opportunities for synergy between the various AusAID programs that support sub-national service delivery, particularly in this area of performance management.

### **Whole of government approach to decentralised service delivery operational**

Decentralised service delivery requires support and coordination from across government. It cannot succeed if it is regarded as the sole responsibility of provinces or of a single central agency such as DPLGA and the NEFC, and DPLGA as the secretariat for PLLSMA. The Organic Law has fundamentally transformed PNG governance with implications for the roles, responsibilities and relationships of central agencies, and line departments as well as sub-national institutions.

Decentralised service delivery will only become sustainable when government policies and programs support a collective effort, thereby avoiding piece-meal approaches that have characterised assistance in the past. GoPNG has recognised this to have been one of the weaknesses of the implementation of the Organic Law and is exploring ways to build stronger relationships between national actors in support of decentralization. In this regard it sees DPLGA and the group of senior officials who constitute PLLSMA as catalysing such engagement and through their efforts to creating the framework for central agencies and line departments to support sub-national government appropriately and coordinate their activities.

Phase 1 of this program drew provinces and a few national agencies together most notably DPM. This has provided the foundation for DPM to take the lead with DPLGA and with support from both PLGP and EPSP to roll out two specific organisational and payroll initiatives in select provinces. EPSP is itself re-arranging its future work program around supporting select activities (some of which will be large and multi-year) from a menu of known systemic constraints involving DoF, Treasury, DPM Auditor General's office and DNPM. PLGP can support DPLGA provinces to engage in these activities.

Other priorities here include reinforcing PLLSMA's coordination and convening role as the point of reference for reviewing decentralised service delivery and a platform for policy exchange between provinces, central agencies and line departments. It also includes helping DPLGA to play its coordination role as far as provincial capacity building is concerned and in particular to reinforce ways to mobilise the technical support of central agencies to tackle sub-national capacity challenges.

AusAID has an opportunity to support GoPNG to take forward this agenda by working with PLLSMA, DPLGA and selected central agencies notably DPMN, DPM, and DOT/DOF/AGO through both PLGP and EPSP. These agencies collective actions can have a profound effect on improving sub-national service delivery, whether in terms of how they obtain and spend money; how they employ and train staff and how they account for performance. *Many of the identified constraints and bottlenecks to better service delivery can only be fixed by these central agencies adjusting their processes and systems and/or working specifically with provinces to rebuild government systems.* AusAID program coherence and agreement to come in behind a limited set of constraints is almost as important as GoPNG agreement of fixable problems if significant problems are to be addressed.

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PLGP is a support program focused on DPLGA, NEFC, provinces and other sub-national agencies. It will not be able solve generic problems of inter-governmental coordination and policy coherence but by playing a facilitating role, it can help nudge the process in strategic areas. This can be achieved through a mix of dialogue, provision of seed money, research and technical support. Getting government departments to work together will not only ensure a more coherent and sustainable approach to implementing components 1 and 2, it will also help to bring to the table policy issues related to decentralised service delivery that require a whole of government response.

#### **Beyond the three areas of intervention:**

This theory of change recognises the interdependency between the three proposed arenas of intervention. *In proposing these three, the program is deliberately selective highlighting where the PLGP is in a position to add value.* There are other dimensions of service delivery that equally deserve attention but that are beyond the scope of PLGP. These are the focus of other GoPNG and development partner programs. An important consideration for this theory of change is the ability of the program to connect with related initiatives to build synergy and complementarity. *From an AusAID perspective, this lies at the heart of its Sub-national Strategy where collectively all major AusAID-funded programs are expected to contribute to sub-national service delivery improvements.*

#### **2.1.3 Facilitating Change - How the Program Should Engage**

This sub-section explains the program's theory of change in terms of how AusAID should engage with PNG partners to facilitate capacity development and change. The theory of change **is informed by core capacity development and change principles**. These recognise capacity development as being an endogenous country driven process. Domestic leadership and stakeholder ownership is critical because any change process related to the reform of government institutions and their relationship with society at large is as much a political process as it is a technical one. As such, external partners such as AusAID can lend support but cannot lead the process.

By its nature reforming government systems and in particular addressing the challenges of decentralised service delivery *are among the most complex of reform processes*. External partners need to be *mindful of the local political economy*, to *appreciate and understand the drivers of change* and to *recognise opportunities for engagement*. Experience from phase 1 has illustrated among others:

- The importance of politics and the role and influence of open members in helping or hindering the reform process.

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- The differentiated pace of reform across provinces reflecting opportunity and constraints related to social, economic, political and geographical factors.
- The critical role of administrative leadership in driving reform, acting as change agent and building constituencies for reform.
- The vulnerability of any reform process to changing political priorities and circumstances, and that the slide towards failure can happen very quickly.
- Despite the Organic Law, there remain different views and perspectives among politicians, technocrats and other opinion leaders regarding the merits of decentralised service delivery.

Given these realities, the decentralization process cannot be expected to unfold in a uniform or linear fashion and will advance at different speeds. The process will be an incremental and negotiated one where policy champions will seek to take forward the reform agenda but where interests in other parts of government may seek to stall it. Change in PNG as elsewhere depends on alliance building, accommodating interests, identifying change agents/champions and developing strategies for change that demonstrate greater benefits than costs. As found with PPII over the period 2005 to 2011 provinces can and will develop at different paces; some will have excellent leadership and may flourish; some will have good working relations with political leaders; some will do some things better than others; some will fall back very quickly.

PNG's development partners, including AusAID, can play a helpful role in supporting GoPNG to negotiate the process of change. Through the proposed three strategic entry points proposed for PLGP, AusAID can play various roles including facilitating dialogue and relationship building, providing technical advice (process and substance) and financial resources. It can also create space and opportunity to change agents to experiment, take risk and build constituencies for change. It can also use its influence through other programs to join-up GoPNG. Coming behind local leadership, also implies investing in its relationships with leaders, and to support this with political and social understanding and analysis.

Given the uncertainties of change and the volatility of politics and interests, *flexible and iterative processes of support* are suited to this type of work. Flexible engagement that permits alignment of support behind emergent processes and opportunities is likely to bring higher returns rather than working with pre-determined and linear approaches. Respecting principles of country leadership and ownership and coming in behind country driven processes is fundamental. The following principles for engagement are highlighted:

#### **1. Support must be strategic and reinforce elements of GoPNG's reform agenda**

- Build on lessons learned, seek to understand the current trajectory of reform and support the diagnosis of priorities. This requires that the program itself has the management capacity to make strategic decisions

based on a close monitoring and reading of the unfolding reform agenda and reform context. This includes being able to assess the feasibility of emergent policy directions that the program may be asked to support, to identify and manage related risks, and to guard against doing harm.

- The three proposed areas of intervention are interconnected and self-reinforcing. Component 1 focuses on the *supply side* of capacity development - strengthening corporate and service delivery capabilities of DPLGA and provinces. Component 2 focuses on the *demand side* of capacity development - strengthening performance management and accountability with DPLGA, provinces, PLLSMA and NEFC in particular. Component 3 addresses the *broader institutional and policy framework* for decentralised service delivery by helping to strengthen GoPNG efforts to broaden ownership and participation in the decentralization process across government, from the provincial perspective while working with other AusAID programs at the national and civil society level.

## **2. Support at provincial level must reflect the change readiness and opportunities/priorities afforded by different provincial contexts**

- Building on the PPII methodology, the nature and extent of support will vary according to the status of a province, as suggested above under intervention area 1.
- Financial incentives will continue to be used as a way to stimulate change and will form a strategic part of the envisaged new PPII. Beyond financial incentives, other mechanisms for encouraging individual and organisational behaviour change will be explored. Experience from PPII has shown that it was the way of working - the respect for provincial administrators, the respect for local process and priorities, peer pressure as well as the engagement with DPLGA - that made a difference. Incentive funding was clearly important to the poorer provinces because it enabled them to do a little extra or secure necessities. While cash incentives played their part, they were not necessarily critical for driving change, especially in the Phase 2 provinces.

## **3. Support for capacity development needs to focus on strengthening GoPNG's own systems and resources**

- The program will purposefully support the institutions, systems and tools that GoPNG has developed itself to manage and support sub-national capacity development.
- Greater attention will be given to non-advisor approaches to CD that build on existing capacities within the system and that encourage peer learning and exchange. Advisors will be used as a last resort when local options are not available/ suitable.

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- Greater attention will be given to the role of women in service delivery: in their administrative and political leadership roles; in understanding the differing impacts on women, men and children; on working with provinces and district to consider the differing needs of women and children; and in raising the profile of women to participate in monitoring and advocacy for change and improvement.
- The potential role development partners can play in facilitating relationships among individuals and across organisations is recognised. However, it is important to tread cautiously. Advisers in particular cannot lead change but they can support it from a technical point of view. Change and process management skills and insight are critical for this type of work. Performance frameworks for individual advisors should emphasise the CD facilitation role and create incentives to focus on this area of work (see further Ch. 3).
- A deliberate effort will be made to use and strengthen GoPNG systems, by:
  - Bringing elements of PLGP practice resources through GoPNG systems where they relate to the planning, budgeting, execution, accounting, reporting, audit and policy review. This may also be an opportunity as pilot to explore option to bring AUSAID sector budgets through government.
  - Developing an PLGP annual planning system linked to the GoPNG budget cycle.
  - Bringing PPII into government own systems rather than treating it as a (donor) project.
  - Supporting DPLGA to re-design PPII to include elements that strengthen compliance with GoPNG systems and processes (e.g. public finance requirements and governance requirements) and linking 'incentives' to compliance
  - Strengthening GoPNG inter-departmental structures e.g. PLLSMA and using it as a mechanism for PLGP governance/ oversight.
  - Drawing on GoPNG performance information/ monitoring system to feed program M&E requirements.

## 2.2 Design Considerations

**Duration:** This design represents an explicit *evolution* of the current program, which in its original intent was envisaged as a 15-year investment. Rather than offering a new approach, phase 2 builds on the achievements of the first five years offering a set of interventions, and structured around three components, that will help both to consolidate and deepen GoPNG's decentralisation process. This phase will be five years running from July 2012-June 2017. The design team also recommend an option of a two year extension to provide continuity, subject to the recommendations of any mid-term review. Currently AusAID is considering how to better align all three of its governance programs and so does not foresee the phase 2 design running for more than 5 years. This fits with the recently awarded contract

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for the extension of SNS under which AusAID has an option to engage the appointed contractor to be the Contractor for the first five years of this program. A new contract could be awarded.

**Name:** Phase 2 is named the *Provincial and Local-Level Governments Program (PLGP)*. The term 'sub-national' has been removed to align the program to the OLPGLLG names for PNG's two lower levels of government with decentralised service delivery functions. The term "program" is deliberately used to distinguish it from the broader sub-national "strategy" that AusAID PNG is developing as a whole-of-program responsibility.

**Budget:** An annual budget in the range of A\$25 –A\$27 million (including A\$1 million from the Kokoda Initiative and the cost of AusAID's provincial representatives) is envisaged to cover the requirements of the program. This has the potential to be scaled up if well performing provinces have the ability to access and absorb 'incentive funds' under a new PPII or if additional funds are needed for the ABG or a more intensive engagement with provinces with specific weaknesses. GoPNG is also expected to increase its own Development Budget funding for DPLGA to maintain PPII.

**Ambition and Coverage:** This design may seem ambitious and more expansive in terms of scope and depth of coverage but looks can be deceiving:

- The partners are broadly similar to the current program although there will be engagement with some districts and the work with a core group of central agencies may be more intensive;
- DPLGA now works with all provinces under PPII;
- The program brings out of PPII and other programs the emphasis on performance and whole of government action. This is not a new focus but rather a strengthening of effort and resourcing to get better results in areas that have been known since the first AusAID SNI policy note in 2004.
- Finally, an intensive effort, similar to that made available to NEFC, is needed if PLLSMA is to be given a chance to continue to show potential.

**Partners:** The program will focus its work with partner institutions at the national and provincial levels (as listed in the box below), while working with provinces to engage with district administrations and LLGs. A key feature of the design is that it positions provinces and districts as the focal point of engagement for support from government and development partners to meet their service delivery obligations. Thus while program support will target both national and sub-national institutions, the intent is to strengthen provinces and districts as key enablers and coordinators of service delivery.

<b>Box 1: Key Partners</b>
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**Provinces and the ABG** (including an increased emphasis on district administrations), the Provincial and Local Level Services Monitoring Authority (PLLSMA) and Provincial Coordinating and Monitoring Committees (PCMC).

**DPLGA** (including in relation to its engagement with central agencies such as Prime Ministers and NEC, National Planning, Treasury, Finance, AGO, Personnel Management) – encouraging, facilitating and nudging these departments to work directly with provinces through PLLSMA to use their capacity development capabilities to address specific and known impediments and constraints in systems and processes to better service delivery in the province using the *District Case Study* and similar diagnostics as the ‘roadmap’. PLGP will support central agencies with this work, in a coordinated manner with EPSP.

**NEFC** to embed the intergovernmental financing reforms and public expenditure monitoring and analysis with a similar level of assistance.

**PLLSMA** and its sub-committees to continue to expand its engagement with NDOE and NDOH.

**PNG institutions responsible for service delivery performance measurement and management, policy analysis and research** particularly provinces, DNPM, DIRD, NEFC and National Research Institute.

**AusAID sectors notably education, health/ HIV, civil society and public sector** on their respective work with national agencies, provinces, churches and civil society in areas such as the design, coordination of implementation arrangements, monitoring and use of performance information, sector budget analysis, alignment of funding mechanisms and improving accountability. Specific government initiatives such as the three pilot Provincial Health Authorities roll-out will be supported. Improved AusAID internal coherence will enhance this program’s outcomes.



## 2.3 End of Program Outcome

### End of Program Outcome

**Increased capacity of provinces (including selected district administrations and LLGs) and other key institutions to implement and account for decentralised service delivery functions**

The end of program outcome is implemented through three concurrent and mutually reinforcing intervention strategies, each guided by an intermediate / component outcome and expected results. Each component addresses a set of challenges and priorities that are regarded as critical to improving decentralised service delivery, as indicated in the theory of change.

- *Facilitating a province-driven and led organisational development process*, coordinated through DPLGA, and focussing particularly on known implementation capacity constraints;
- *Strengthening the demand and management for service delivery improvement* through performance monitoring as a key driver of change with particular emphasis on education and health;
- *Reinforcing a joined-up whole-of-government approach* to supporting decentralised service delivery as envisaged by the Organic Law and the Determination of Functions.

## **2.4 Component 1: Strengthen the implementation capacity of sub-national government to deliver services**

### **Component Outcome**

**Capacity of provinces (and selected district administration and LLGS) to deliver services strengthened according to functional assignments**

Note: for ease of reference the word 'provinces' included the Autonomous Region of Bougainville which has its specific autonomy arrangements.

Component 1 is organised across three sub-components:

- **Sub-component 1.1** constitutes the main focal area of the entire PLGP program and is concerned with provinces and DPLGA working together to further strengthen the corporate, governance and implementation capacity of provinces (and districts/LLGs) through a revised PPIL.
- **Sub-component 1.2** is a 'special program' focusing exclusively on the Kokoda Track but adopting the same guiding principles and operational modalities of the revised PPIL, support by a set of project type service delivery activities under the Kokoda Development Plan.
- **Sub-component 1.3** is a provision within the PLGP to support the Autonomous Region of Bougainville. Focusing on the particular needs of the ARB in relation to the Bougainville Peace Agreement and the Bougainville Constitution, it will also adopt the same guiding principles and similar operational modalities but specific to local needs.

### **2.4.1 Sub-Component 1.1: Support to the New PPIL and DPLGA**

#### **Sub-Component Outcome**

**Strengthened skills, systems and processes in provinces (and selected district administrations, LLGs) contributing to sustained service delivery**

PPIL was the most significant and successful part of SNS, and in its revised form will continue to receive substantial support under the new program.

However the nature and extent of support will differ in important ways, reflecting in large part cumulative learning over the past five years, a changing policy and institutional context and in particular the recommendations of the July 2010 PPIL Independent Review.

The objective of this sub-component is to assist the provinces and DPLGA to jointly implement the replacement of PPIL in the context of today. This work will be informed by the Independent Review report recommendations, which have been endorsed and prioritised by the DPLGA Senior Management Team, the outputs of a

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series of planning workshops, the key design parameters as well as the design logic presented below. Annex 6-1 provides an informal report on the PPII redesign and accompanying DPLGA Corporate planning process.

Implementation of this component must also recognise that:

- PPII now covers all provinces which places a massive pressure on DPLGAs resources
- PPII success is in many cases quite fragile and highly dependent on particular leaders even in high performing provinces; some of whom may stand successfully in 2012 for national elections
- Signs are emerging that some provinces are very weak in financial and public administration terms including their ability to engage in government processes. Most of the named provinces have only been in PPII a short time
- PPII as a mechanism is known to provinces and to DPLGA. It would be unwise to change it significantly without good cause given the above issues.

#### Reposition PPII as core DPLGA Business:

PPII as a GoPNG program that supports provinces and increasingly districts and LLGs to build their capacity is expected to continue into the medium term but will be progressively integrated into the core business of DPLGA with responsibilities spread across different divisions.

Key considerations are to ensure that a) PPII is not regarded as a time-bound donor project, but as GoPNG core business b) that responsibility for its implementation rests at a departmental level and not at a divisional level, and c) the reputation and standing of DPLGA as the “mother” department with responsibility for supporting provinces, districts and LLGs is reinforced.

The process will begin with DPLGA assuming greater corporate responsibility for the implementation of the currently defined phases of PPII. This will include testing whether GoPNG can assuming a progressively larger share of the recurrent and development budget required to implement these parts of the program (TA and incentive funds)<sup>2</sup>.

In repositioning PPII as DPLGA core business, it will also be important to give due recognition to other core functions and services that provinces expect DPLGA to provide. Since the design field work has been completed DPLGA has completed its Corporate Plan 2012-2016. The four of the five strategic result areas reflects DPLGA’s outward looking vision supporting provinces, districts and PLLSMA:

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<sup>2</sup> Assuming this design is approved by AusAID and the new PPII design is approved by DPLGA, the department could seek a 2012 Development Budget allocation of K4 million with an additional K2 million in 2013. This would allow AusAID funding for the core PPII cash elements to be reduced by 2014. DPLGA may seek additional budget for its own purposes having received K2 million in 2010 for the Performance Monitoring Division and the Capacity building Division.

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- Improved service delivery by provinces, districts & LLGs
- Governance in provinces and LLGs
- Coordination, performance measurement and reporting driving change
- Enhanced performance of LLG Special Purpose Authorities and special projects
- Effective and value for money corporate services.

PLGP will support DPLGA to reposition PPII. This will include:

- having to deal with all existing and two new provinces
- expanding the scope of PPII to build capacity and compliance in governance and performance measurement and reporting together with capability in core public administration functions
- providing advisory support and other resources to the DPLGA SMT to carry through necessary re-organisation and induction of significant numbers of new staff, including its ability to monitor, manage and revise its corporate plan, but avoiding this to become a general institutional strengthening program
- considering the balance of funding between AusAID and GoPNG for particular activities based upon the scheme of the revised PPII
- offering financial support to assist specific provinces that are facing acute governance or capacity challenges and where immediate support may be required to support the establishment of core administrative and governance systems. The targeting of such support would be guided by DPLGA request for support and approval of PLLSMA. Note that other than the ARB no province has been designated as 'special'.

#### Service Delivery Implementation Focus

An additional initiative will be set up to cater for higher performing provinces that are ready to go beyond corporate capacity development to address operational and technical capacity challenges, especially at the district level, that currently constrain service delivery, drawing as far as possible on the findings of existing diagnostic work such as SDMM, SIP, District Case Study etc.

Graduation to this initiative is expected to be based on a set of gateway and organisational criteria that will take into consideration the readiness of provinces to lead a more intensive change process at district and field levels, based on detailed plans.

A central feature of this initiative will be a competitive incentive fund offering successful provinces a development budget to implement their proposed program.

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While the details of incentives will need to be worked through with the PNG Government in 2012, some options should be explicitly considered.

- First, incentive funding could be made subject to additional compliance criteria, including a 'pass mark' under the NEFC's annual Provincial Expenditure Review. Criteria such as these could enable Provinces that are participating in the PPII program to demonstrate their commitment to meeting service delivery responsibilities. Additional criteria may also enable Australian funds to be delivered through PNG Government financial systems.
- Secondly, options should consider mechanisms by which the program can help Provinces to address implementation constraints at the district level and thereby decrease the cost of delivering services at the provincial and district level. Incentive funds could support issues such as the functionality of transport and communications links as well as access to electricity and banking services / cash payments at the district level.
- Thirdly, in relation to 'Phase 3' Provinces, consideration should be given to developing 'exit strategies' for high performing Provinces from the PPII program. Support could include assistance to increase the ability of provincial administrations to raise revenue and/or support local-level economic growth, as well as improved engagement with commodity boards.
- Fourthly, options should consider how to address the capacity needs of Local Level Governments (LLGs).
- Fifthly, consideration should be given to the ability to link the provision of incentive funding with co-funding from DSIP and provincial funds. This could include requirements for greater transparency around the expenditure decisions of the JDPBPC. Where co-funding was agreed, the aid program could also consider additional expenditure on publicising the positive achievements of participating provincial and district level administrations.

Subject to an assessment of risks and appropriate measures in place, the incentive fund would be disbursed through provinces own systems. Provinces, moreover, could be responsible for procurement of advisory and other technical services. As such, there would be no "free" advisory services. DPLGA's role will be to ensure compliance, assist in monitoring and capacity assessment, and provision of selected guidance/ advise as and when necessary.

DPLGA will invite development partners including AusAID to provide technical and financial support in the initial piloting of this new initiative for high performers.

PLGP will play a major part in taking forward this new initiative. This will likely include:

- Fully funding the envisaged incentive fund for the duration of PLGP phase 2, though it is unlikely to come into place before the end of year 2

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- Providing technical assistance to DPLGA to monitor and refine modalities, and to support provinces to prepare, monitor and review their capacity development plans as basis for participating in the incentive fund.
- Providing targeted support related to component 2 objectives (see further below) on strengthening performance monitoring at provincial and district levels and preparation of annual provincial performance report.

#### **Expected Lower Level Outcomes from Sub-Component 1.1**

- *Improved DPLGA capacity to coordinate and direct CD support to provinces, districts and LLGs*
- *PPII integrated as DPLGA core business*
- *Foundational capacities in place and bedded-down in core public administration with all provinces able to plan for the delivery and monitoring of service delivery responsibilities particularly in education, health/HIV, transport*
- *Service Delivery implementation bottlenecks addressed in at least 3 provinces under the new incentive phase*
- *Service delivery priorities are visible through the provincial and district budgets and district development with implementation being monitored*
- *Function grant, DSIP, and development partner funded projects and activities achieving direct service delivery improvements*
- *Women have a higher profile in provincial and district planning, implementation and monitoring*

#### **2.4.2 Sub-Component 1.2: Support to the Kokoda Development Program**

##### **Sub-Component Outcome**

**Kokoda Development Plan support for Central and Oro provinces, districts and LLGs integrated into the administrations and services improved**

The Kokoda Track area has strong military historical and now a growing cultural and emotional resonance linking Australia and PNG. For many Australians the Kokoda Track is the only contact point with PNG on a day-to-day basis and the experience it through the media, trekking or the Track's World War 2 military history. Australia

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and PNG's desire for a highly visible, wide-ranging and effective envelop of support to the people of the area is understandable. Consequently, the use of a project-type modality with strong hands-on delivery aspects so as to 'get things done' is consistent with the policy desire for visible action. However, it comes with risks to sustainability if opportunities for local capacity development are not nurtured as part of the approach.

The Kokoda Initiative Joint Understanding (KI JU2) *Draft Implementation Plan July 2011 – June 2015* (KI) is in the course of finalisation. It continues and expands Australia assistance to the communities along the Kokoda Track and in its catchment from the earlier Understanding. KI represents an agreement between the GoPNG, represented by the Department of Conservation and Environment (DEC), and GoA, represented by the Department of Sustainability, Environment, Water, Population and Communities to support sustainable development in the region of the Kokoda Track. JU2 has three components: Environment and Heritage Protection; Renewable Resource Development and Community Development and Service Delivery (CDSD).

#### **Brief Description**

AusAID is responsible for the parts of CDSD known as the Kokoda Development Program (KDP). KDP, with approximately A\$1 million per annum, builds on activities that started in 2008. It is managed directly by the AusAID PNG Post. A full description of the Kokoda Initiative, and in particular the KDP, and the design issues associated with integrating it into PLGP is included in Annex 6.

KDP has its own detailed design documentation. Component 3, Community Development and Service Delivery, is specifically for working with Central and Northern provincial governments and administration to assist them to partner with the region's landowners and developers and local and international NGOs to enhance quality of life for the region's communities. The outputs and milestones include:

*"3.1 CDSD Program and Management Plan which will prioritise the program and coordinate stakeholder inputs is completed by June 2011*

*3.2 Community Development which supports Law and Justice, Good Governance, Food Security and Agriculture, and Water and Sanitation Rural Electrification.*

*3.3 Education Services which will continue to provide support for education infrastructure and supplies, school boards, teacher training and expand services to the wider region with the aim of further mainstreaming the initiative into Provincial Education Plans with the focus on sustainability post JU2 in 2015*

*3.4 Health Services which will continue to provide support for health infrastructure and supplies, health training and expand services to the wider region with the aim of further mainstreaming the initiative into the Provincial Health Plans with the focus on sustainability post JU2 in 2015;*

*3.5 Micro and Commercial Enterprise Development which will continue to support micro enterprises associated with tourism and provide support for small holder and commercial agricultural development where this proves feasible.*

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*3.6 Transport and Communication activities which will continue to explore measures to improve air services and telecommunication linkages along the track and within the region.”*

Kokoda assistance needs to be integrated into the two provincial administration's (Central and Oro) service delivery responsibilities. The KI Draft Implementation Plan strongly endorses the need for the two provinces to take a lead role in KDP if development is to be sustained. This will be a challenge as firstly the provinces, particularly Central province, feel a little distant from KI as a whole (a key point recognised by KI's designers) and secondly, KDP has been implemented by AusAID as a project in consultation with the provinces.

PLGP, through DPLGA, can support KDP by:

1. Encouraging DPLGA to work with the GoPNG partners on the KI, including any new development authority for the area.
2. Revitalizing the engagement with Central province and Northern province under KI and the PLGP.
3. Offering Central and Northern provinces additional funding, technical assistance and other capacity development inputs (under KI JU2 Component 3) to implement, monitor and report on the KDP and if required assistance through the PLGP contractor to implement KDP.

By incorporating KDP as an activity plan under this Component of PLGP, weaknesses in the KDP draft design can be overcome by adopting PLGP's approaches to contract management, M&E, gender equality, HIV (acknowledging that KDP has a significant HIV activity itself) etc.

Having KDP as a separate sub-component of the new PLGP component 1 achieves a number of Australian objectives:

- i. AusAID can manage KDP through dedicated resources at PNG AusAID Post with the team responsible for:
  - representation and engaging through KI on Component 3;
  - coordination on operational matters for CDS as per the Figure in the Draft Plan Volume 2 at paragraph 4;
  - engagement with the two provinces with the AusAID officers located in DPLGA and AusAID provincial representatives; and
  - working through the Contractor and DPLGA to ensure that the provinces and/or the contractor have the resources to ensure implementation.
- ii. It maintains a level of visibility which is essential given the importance of Kokoda Track and Australia's national interest.
- iii. Reporting can be both integrated into PLGP, but also separate as required under KI.



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#### Areas of PLGP intervention

- Targeted support for Central and Northern provinces and DPLGA to engage in the Kokoda Initiative.
- Targeted support to Central and Northern provinces based on annual plans under the Kokoda Initiative as agreed with the provinces.
- Support for the two provinces to monitor and report on Kokoda specific activities and outcomes.

#### **Expected Lower Level Outcomes Sub-Component 1.2**

- *Track and regional communities have enhanced quality of life through improved delivery of basic services, income generation and community development activities as promoted through the KDP*
- *The functions of the KDP have been absorbed into programs managed by the Oro and Central provincial and local governments in partnership with the region's landowners and developers and local and international NGOs.*

#### **2.4.3 Sub-Component 1.3: Support to the Autonomous Region of Bougainville**

##### **Sub-Component Outcome**

**Increased capabilities of the Autonomous Government of Bougainville to govern and provide services in support of the Bougainville Peace Agreement and the Constitution**

#### **Context**

Autonomous Region of Bougainville (ARB) and the Autonomous Bougainville Government (ABG) are constituted under the *Constitution for the Autonomous Region of Bougainville*, a product of the *Bougainville Peace Agreement*. Under the peace agreement Bougainville can call for a referendum on independence after June 2015 and not later than June 2020.

The ABG maintains extensive contact with national government agencies. It coordinates activities through the National Office for the Coordination of Bougainville Affairs. (NCOBA). The ABG is negotiating with the national government for the drawdown of powers in critical areas such as mining, fishing, commerce etc.

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Reconciliation among parties to the Crisis is making good progress, but the situation is still unstable in key areas. Essentially, reconciliation is an internal local process. There are few opportunities for donors in this process unless expressly requested from either the ABG or GoPNG.

There are those who see the re-opening of the Panguna mine as important to the economic development of ARB. The President John Momis has spoken of this in recent public statements and has engaged in discussions with Rio Tinto and Bougainville Copper Limited. This development is integrally linked to reconciliation, politics, services, land, economic development and the realities and perceptions of well-being in the communities especially at Panguna and in the south of Bougainville. Bougainville sees the mine's income a part of its development, but not at any cost. This is the most delicate and intricate political economy issue for the ABG during this phase of PLGP.

Donors, particularly AusAID, NZAID and UNDP have worked reasonably well together with ABG and the Joint Supervisory Board. There is an ABG donor engagement protocol in place. Australia's assistance has been significant at approximately A\$300 million since 1997 and now averaging A\$20 million per annum and currently includes:

- One Development Specialist and one Program Manager representing AusAID in Bougainville
- SNS: up to eight advisers in administrative capacity development (outside of PPII) in the Administration;
- The Governance and Implementation Fund (GIF) of A\$3.5 million per annum for projects including capacity building, small infrastructure projects targeting improvements in service delivery and other capacity building initiatives (e.g. training) selected by the ABG with AusAID and the national government. It was intended that the GIF would move to full ABG management once the administration had achieved an agreed level of financial, audit and administrative competence. (This is not on the agenda at this time with capacity still low.) A review of the GIF is planned for the fourth quarter 2011.
- Law and Justice across the national agencies and in the administration implementing a locally developed and managed law and justice plan funded at around \$5 million per annum including six local advisers and additional technical assistance from Port Moresby;
- Transport: construction of local roads. Maintenance of the entire mainland Bougainville coastal trunk road network.
- Health: Advisory support to BGV health sector: three maternal health officers in each region; one international adviser supporting health division at Headquarters.

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- HIV/AIDS: significant support, including funding to NGOs and ongoing technical assistance from the Port Moresby office, to develop local leadership and capacity and implement activities as prioritised with the ABG.
- Education: School maintenance grants (covering over 196 since 2005); Schools in Bougainville will receive AusAID/GoPNG co-funded school subsidies; new school books; and teacher training.

AusAID's assistance has been characterised by a desire to work under the leadership of ABG and the national government, on the ABG's priorities with a balance between provision of goods, infrastructure, facilities and services and building local capacity development. AusAID has tried to work with a 'light footprint' leaving space for the ABG to take the lead. Donors have played a role in facilitating and stimulating change with incentives and support for process.

ABG did not participate in PPII with DPLGA because it is not covered by the Organic Law. Under SNS it had a significant number of separate dedicated TA. However, ABG did participate in some PPII events. The Secretary of DPLGA has reiterated to the design team that it is important that the program as a whole continues to support Bougainville. He has taken steps to ensure that the Chief Administrator is involved in PLLSMA and all provincial administrator meetings. The Secretary has asked that the design provide for the ABG to participate in DPLGA capacity development activities recognising that funding may come through other channels.

Recently GoPNG's NEC has recognised the proximity and importance of the impending referendum on independence. K100 million p.a. for five years extra funding has been allocated to the ABG for infrastructure and service delivery. Since the design mission GoPNG has requested assistance for NCOBA, including advisers, to oversight the implementation of the government's K100 million per annum grant.

AusAID assistance to the ARB is currently under review, as is the GIF. The outcomes of those reviews will determine the nature and scope of support provided through the PLGP. For the time being, the following provisional areas of intervention include:

#### **Areas of PLGP intervention**

- Technical assistance should continue, and if need be strengthened, to focus on building local capacity in (a) service delivery, and (b) strengthen the ABG as an organisation in the functional areas where national functions and powers will be drawn down, and (c) using the government new infrastructure and facilities grant. This requires much more detailed analysis and was not part of this design. At the time of this design AusAID was undertaking a review of assistance to the ABG. One area of agreed continuing assistance is weapons disposal, supporting the ABG's response.

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Weapons disposal is a criterion for the referendum to go ahead and for the maintenance of peace.

- Support for non-advisory technical assistance capacity development including participation in activities of the national central agencies, including this program.
- Support for the ABG and NCOBA to scope, tender and contract facility and infrastructure projects to use the government K100 million pa grants.
- Support the ABG to deal effectively with the issue of weapons disposal
- Support the coordinating and monitoring role of the Buka based AusAID office (and possible expansion to Arawa), which includes engagement with the ABG and other development partners
- Targeted support to the ABG through the GIF for jointly agreed programs and projects supporting governance and improved service delivery.
- Support for the ABG to monitor and report on Bougainville specific activities and outcomes.

#### **Expected Lower Level Outcomes: Sub-Component 1.3**

- *Capacities in place in core public administration for the ABG to plan, deliver and monitor its service delivery responsibilities with results visible in education, health/HIV, transport and law and order.*
- *Service delivery priorities are visible through the ARB budget to the three district development plans and 12 LLG development plans (if available) with implementation being monitored*
- *GIF-funded projects and activities achieving direct service delivery or improvements to ABG core capacities also (i.e.: capacity building of the ABG is a legitimate target in itself)*

#### **2.4.4. Addressing Gender and HIV/AIDS in Component 1**

The program will have a focus on gender equality, with appropriate frameworks, reporting systems and specialist technical support, all fully integrated from the outset. Across the program's three components, that includes building on the work of the current program including:

- using processes that enable women to participate fully and equally in planning, implementation and monitoring
- taking affirmative action on gender equality in seeking to increase women's participation in the program including providing a transparent budget

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- recognising that gender awareness/sensitivity training is a beginning but is not in itself sufficient to produce a cadre of PNG public servants, leaders and advisers who are able and willing to plan and implement gender responsive programs. Sustained technical assistance on gender is therefore essential to counteract the tendency to revert to the status quo
- continue to sensitise and involve men (co-workers as well as partners) in supporting increased involvement and decision making for women
- obtain the opinions of recognised women's representatives, whose views may not be the same as those of the (predominantly male) official and clan local leaders
- providing dedicated full-time gender advisory assistance to the partners through the program
- reporting on the differing impacts of program activities on men and women.

Specifically in this component gender equality can be advanced by:

- creating awareness, understanding and action at the sub-national level of government by supporting the implementation of GoPNG's Gender Strategy (due to be considered by NEC mid -2011)
- developing capacity and good practice in provincial HR Divisions around the Corporate Plan KRAs and Equal Employment Opportunity policies through the new PPIL
- encouraging women's involvement in decision making and leadership in provinces, the ABG and districts.

### **HIV/AIDS**

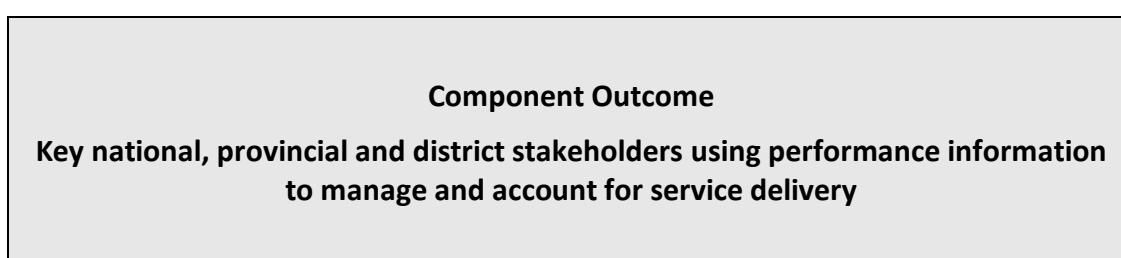
All the components of the program will adopt a mainstreaming approach to address HIV/AIDS. Mainstreaming means 'adapting core business to respond to HIV'. Applied to the program this means firstly analysing the different areas of 'core business' and secondly ensuring that work delivered through the program does not exacerbate the HIV situation. Mainstreaming recognises and utilises opportunities to contribute to the national HIV response according to its core business.

PLGP comparative advantage for HIV mainstreaming is its relationship and engagement with different agencies and levels of government. The decentralisation of HIV service delivery depends on all line agencies understanding their role in the epidemic and co-ordination of the effort depends on functioning Provincial AIDS Committees. The program's role, therefore, is to support the governance systems and policy frameworks to enable this to happen. At the national level, the program is already strategically involved in HIV mainstreaming with DPLGA, particularly through PLLSMA and an HIV sub-committee. At the provincial level the program can work through DPLGA and the Key Result Areas of PPIL, one of which is about the local HIV response.

Specific initiatives include supporting:

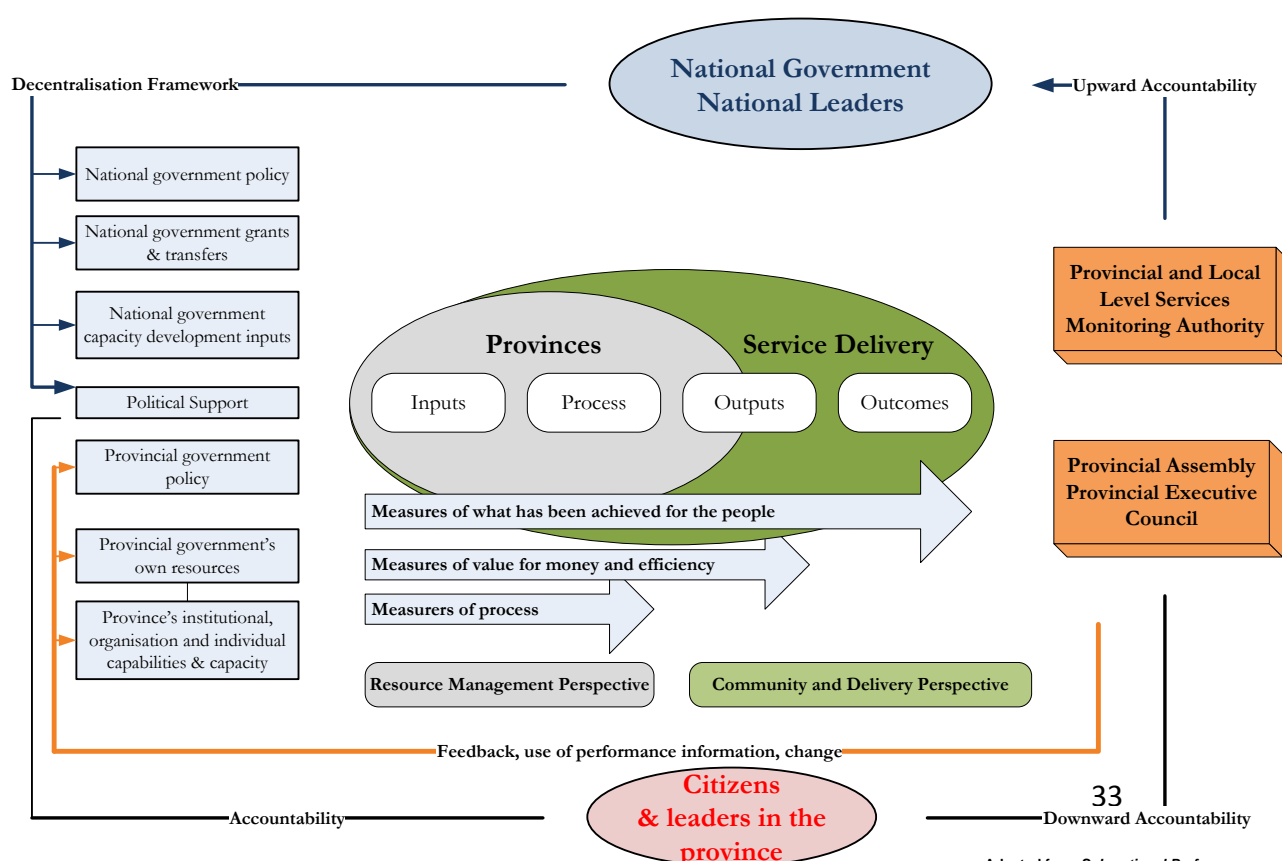
1. All participating agencies to develop workplace HIV policies
2. DPLGA in its capacity building role, and provinces to improve the accountability and status of Provincial AIDS Committees (PACS) through their integration into provincial government systems; and
3. Provinces in their own response to HIV and AIDS, including through their respective PACS and the coordination of HIV responses in the province.

## 2.5 Component 2: Strengthen Demand for and Evidence of Service Delivery Improvement



The objective of component 2 is to support GoPNG and civil society to strengthen demand for and evidence of service delivery improvement. In the longer term an aim must be to increase accountability. Measuring performance, reporting on performance and being accountable for performance has to involve national government leaders, provincial and local government leaders and civil society non-state actors. Figure 3, is a sub-national performance framework that attempts to bring this concept together.

Figure 3: A sub-national Performance Measurement Framework



The component is implemented through three sub-components:

### **2.5.1 Sub-Component 2.1: Support to Service Delivery Monitoring at National Level**

#### **Sub-Component Outcome**

**Strengthened PLLSMA with other key national institutions meeting national service delivery accountability, monitoring and reporting responsibilities**

PLGP will work principally with PLLSMA as well as with selected other national institutions to strengthen key inter-governmental monitoring and reporting systems and related organisational capabilities.

#### **PLLSMA**

PLLSMA was created under the Organic Law to achieve orderly and effective operations between the levels of administration under the “one line public service”. The authority is a special form of committee for senior departmental heads and has a wide mandate as described in Annex 5. It is not a statutory authority – it is a committee with the whole of DPLGA as its resource.

For this program under this component two relevant roles are to coordinate and monitor the implementation of national policy and secondly to assess the efficiency and effectiveness of provincial and local level governments.

DPLGA is not fully functional as PLLSMA. It needs significant support and encouragement for it to fulfil its key functions. DPLGA has made a significant start with increased staff positions which will require capacity development support for individuals and the secretariat. The focus of PLGP’s support under this component will be directed to on-going GoPNG efforts to strengthen PLLSMA according to its recently approved strategic plan and associated key results areas (see Annex 6-2) through:

- Getting it working with DPLGA as secretariat, i.e. the organisational aspects plus building individual competencies.
- Supporting the PLLSMA functions with the various divisions contributing e.g. Performance Monitoring Division to monitoring and coordination; Capacity Building Division, with DPM, to developing training needs of provinces (c.f. Component 3).
- Monitoring provincial performance through on-going revitalization of Section 114 and 119 reporting.
- Strengthen reporting to government on provincial performance, including on the MPAs, with feedback to provinces to effect change as needed.

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- Establishing and consolidating Provincial Coordination and Monitoring Committees (PCMCs) at provincial levels to improve coordination and monitoring.

This sub-component focuses on PLLSMA and performance management. Its role as the government coordinator of capacity development is exposed in sub-component 3.1 below.

#### Other National Institutions

In coordination with EPSP, the program will be available to provide targeted support to various national institutions to strengthen intra-governmental performance reporting systems. While PLGP will engage primarily with DPLGA/PLLSMA, NEFC and DIRD as key partners, support could include agencies such as DNPM and DoT:

- Support to **DNPM**, with respect to reporting on MTDP as it affects provincial performance. This may include assistance for the proposed regional DNPM offices to provide support to provinces.
- Support to **DIRD** with respect to monitoring of DSIP.
- Support to **DoT** Provincial Budgets Division to improve monitoring of the MPAs and related function grants.
- Support to **NEFC** to continue to perform its core functions related to providing research, analysis and advice on sub-national service delivery and performance improvement. This includes on-going support to the implementation of RIGFA, including preparation of provincial expenditure reviews and the like, conducting regional consultative forums with provinces; conducting and/or project managing research on specific aspects of government financing such as staffing and capital transfers, sector expenditures and the development budget.

#### Expected Lower Level Outcomes: Sub-Component 2.1

- *PLLSMA at the national level consistently exercises its statutory responsibilities for performance monitoring in a limited number of core areas*
- *Sources and coordination of provincial performance monitoring improved: s119, PPII monitoring, EMIS, HMIS etc.*
- *PLLSMA respected as an important performing government entity regularly engaging with key service delivery sectors to improve performance*
- *DIRD reporting on the performance of DSIP spending*
- *DNPM receiving information from provinces to support the monitoring of the MTDP*
- *Treasury receiving timely quarterly expenditure reports with an increasing emphasis on demonstrating the quality of spending of the Function Grants*



### **2.5.2 Sub-Component 2.2: Support to Service Delivery Monitoring at Sub-National Level**

#### **Sub-Component Outcome**

**Enhanced and rebuilt provincial and district administration capacity meeting service delivery, accountability monitoring and reporting responsibilities**

During the MTR, PPII Review and design missions, there was significant appreciation of the need to improve monitoring and reporting particularly by provincial and district administrators. The following is noted:

- Information on outputs let alone outcomes is weak and is primarily financial.
- National data is being collected for education and health – but is not used or seen locally.
- Performance information is potentially a key entry point to engage political leaders who are critical for driving change.
- Where people see a connection between the data they collect and eventual policy and program change they are more likely focus on robust evidence collection.
- Progress is being made on improving the capture of performance information and provides a basis for further work and as an input to the programs proposed M&E framework. Incremental improvements have for instance taken place within Phase 2 provinces and within them select districts through support provided by SNS.
- There is clear evidence that performance information can be a driver of change. An example is the work of NEFC creating competition between provinces. ‘Why is West Sepek No 1 province?’ they ask.

#### **PLGP Support**

PLGP will work with provincial and district administrations and Provincial Coordination and Monitoring Committees (PCMCs) to improve the collection, analysis and reporting of performance information. This will contribute to meeting national reporting requirements, as well as the management and accountability responsibilities of the provincial administrator as chief accountable officer. It will also serve to reinforce the participation and voice of civil society. Specific attention will be paid to:

- Enabling provinces and districts to meet their statutory reporting requirements notably s119 and s114.
- Working with selected high performing provinces to prepare annual provincial performance reports. These will be prepared initially on a pilot

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basis and will focus on performance in the education and health sectors. Close cooperation between PLGP and AusAID's health, education and HIV/AIDS programs will be required, facilitated through the AusAID Provincial Representatives.

- The program will be expected to work with AusAID's Democratic Governance Program (Church Partnerships Program (CPP) and SPSN) to explore ways to improve access to service delivery performance information from non-state providers of health and education services. Through the CPP PLGP could encourage the churches to engage in improved performance measurement and reporting on health and education outcomes.
- It will also explore opportunities to strengthen provincial and district reporting of results to the community level as well as civil society participation in service delivery monitoring. SPSN is already working through provincial community development divisions. PLGP can provide funding to SPSN to encourage civil society participation in PLGP activities particularly those such as bringing women leaders into planning and implementation, encouraging participation in PCMCs and program M&E. See Box 2 below for an overview of the SPSN program:

#### Box 2 – SPSN Program Logic

The following section describes the scope and intended outcomes of SPSN in relation to the three broad outcome areas in the theory of change: capacity, democratic governance and services.

1. **Strengthened capacity** - SPSN aims to strengthen civil society (including communities, clans, tribes and groups), private sector and government's capacity and willingness to engage in public decision-making together. This includes the capacity to express and identify preferences, to participate in planning, implementation, monitoring and evaluation activities, and to hold government and other service providers to account.
2. **Democratic governance** - SPSN promotes engagement between civil society, private sector and government. At the community level, SPSN also supports citizen engagement with traditional leadership or informal structures. SPSN aims to increase the *scope* of shared governance so civil society, the private sector and government are involved together in more aspects of public decision making, including but not limited to implementation of development projects. SPSN also aims to increase the *intensity* of shared governance. Low intensity might include sharing information, while high intensity might include joint decision making.
3. **Access to services** - SPSN supports increased access to and use of services through two ways: (1) Supply: communities, CSOs and private sector directly participate in service delivery, and support citizens to access and use these services. Through this support, SPSN facilitates engagement between communities and CSOs, private sector and government; (2) Demand: civil society and private sector engagement with government leads to an improvement in government's service delivery. This includes public services delivered by civil society or the private sector that are managed or overseen by government. SPSN focuses on public services that contribute towards outcomes in the priority sectors of health including HIV, education and gender equality.

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- Specific attention will be paid to provincial performance data (including spending on function grants) on education, health, HIV and gender outputs, and where available outcomes.

The program will also support provincial and district administrators to engage political leadership at provincial and district levels in performance monitoring processes. The precise approach to engaging political leadership is expected to vary from province to province depending on circumstance and opportunity. Experience from a number of provinces including West Sepik suggest that political leaders will take interest in the affairs of the provinces if they are associated by the administration with internal processes and activities and when they begin to witness the work provinces and districts are making on improving services for the community. Further analytical work on strengthening political engagement in service delivery may be required to assist engagement processes. The following approaches may be used:

- Conducting research on what political leaders want and what they think will work both through the formal system (e.g. the administration, budget committees and at provincial assemblies etc) and informal. See also component 2.3. below.
- Raising awareness of and engagement of political leaders in the planning, financing, implementation and reporting of service delivery performance by associating them with the performance monitoring work described above.
- Associating the political leadership with the piloting of the proposed annual provincial performance reports.
- Working with the DIRD, to explore ways to reflect DSIP spending within provincial and district plans, budgeting and reporting frameworks.
- Where applicable, PLGP will support the roll out of existing GoPNG executive training programs (e.g.: Capacity Building Service Improvement Component that is attached through Vision 2050 Centre (PSRMU), for elected leaders with particular emphasis given to their responsibilities for performance monitoring and accountability, including reporting to the community level.

This area of work will be of particular relevance to the higher performing provinces, which are expected to address service delivery implementation bottlenecks under the revised PPII. The support of political leadership will be critical.

**Expected Lower Level Outcomes: Sub-Component 2.2**

- *PCMCs at the provincial level exercise their statutory responsibilities for performance monitoring and provision of follow-up advice*
- *Selected Provinces produce annual performance reports (“State of service delivery”) based on improved performance monitoring data and systems with specific focus on health, education, HIV/AIDS and gender.*
- *Political leadership participate routinely in provincial and district performance monitoring and supporting administration to resolve implementation constraints*
- *DSIP funding and implementation reflected in provincial and district plans, budgets and results frameworks*
- *Provinces reporting on MPAs*
- *Provinces and districts provide timely and complete submission of s114 and s119 reports*

**2.5.3 Sub-Component 2.3. Support to Policy Analysis & Applied Research**

**Sub-Component Outcome**

**Applied research and policy analysis completed and used to strengthen decentralised service delivery and governance effectiveness**

During the current phase of the SNS program, support has been provided to both NEFC and NRI to provide applied research and policy analysis support in the area of decentralisation.

- The substantial support provided to NEFC enabled it to play a catalytic role in the development, adoption and rollout of RIGFA. In the process NEFC has developed a recognised capability for policy analysis in the area of fiscal decentralisation<sup>3</sup>. Furthermore, it has gone beyond the conduct of analysis to engage with key national and provincial stakeholders to review performance of function grant expenditure which has in the process helped to broaden understanding of constraints related to sub-national service delivery as well as to promote transparency and accountability more

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<sup>3</sup> The quality of NEFC’s work has been acknowledged by the World Bank through a peer review where NEFC was commended on the robustness of their analysis.

generally. The support to NEFC has demonstrated the value-added of targeted policy analysis in accompanying a reform process, and in particular in providing an increasingly robust evidence base for performance monitoring.

- The support provided to NRI is more recent and more limited, but has created an opportunity to engage in broader reflection on the governance, public administration and socio-economic dimensions of decentralisation. Through the support provided, NRI has developed a variety of research papers and policy notes that have provided insights into wider dynamics of reform. The Spotlight periodical has not only provided information on various aspects of the reforms, but has been used as a vehicle for drawing the attention of a wider constituency of stakeholders to the challenges of decentralisation and service delivery. Experience of working with NRI has however also highlighted the need to assure alignment of any research agenda to the priority policy concerns of the day.

Through the support provided by SNS, both NEFC and NRI have grown as organisations and today enjoy a greater level of recognition within GoPNG at large. NEFC benefitted from substantial advisory support, which has been reduced substantially. However it still enjoys the support of 3.5 full-time advisors to ensure that core products are produced. As indicated, the support to NRI was not at an institutional level and remained focused on the delivery of specific research outputs.

A critical part of strengthening public sector administration and performance in provinces is always directed at the public finance management system. This system is made up of the rules, procedures and processes which assist a government or province to manage public funds. Public finance management focuses on all steps of the budget cycle guiding all public revenues and expenditure processes: strategic planning, budgeting, budget execution (revenue collection, procurement), internal control (including internal audit), monitoring, accounting & reporting, and external audit.

The PFM system is the backbone system of the government enabling service delivery. Schools and health centre are the executive bodies of the government providing the services. Without PFM tools such as planning and budgeting of - and timely, adequate, and swift - funding flow to service delivery facilities, accompanied with the required feedback mechanisms (so information flow from facilities back to the government), facilities cannot operate.

Development partners are committed to increase the use of country systems in their aid delivery modalities. But before donors can decide to fully or partly use partner country PFM systems, they have to be assured that the PFM system is adequately working and/or improving its functioning. Hence AusAID has conducted a risk assessment of the systems to be used in this program (Annex 11).

However, in the wider sphere the EU identified sub-national governments as an area in which they would like to explore possibilities of more use of partner country

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PFM systems in the context of aid delivery. Milne Bay province has been selected as pilot province, because Milne Bay province is one of the better performing provinces (PFM and service delivery) and has showed interest and commitment in improving provincial systems. The EU has funded a pilot study in Milne Bay province the results of which were recently made available.

#### **Proposed Support**

PLGP will continue to facilitate the conduct of applied research and policy analysis that can support performance management related to implementation of the Organic Law, implementation of RIGFA and overcoming service delivery bottlenecks.

Support will be provided to both NRI and NEFC that have demonstrated a track record in supporting research and policy analysis in this field, as indicated above.

- As a concrete example, NEFC will be invited to analyse education and health total spending on behalf of PLLSMA health and education sub-committees, and in cooperation with the respective national departments. This might be produced as a sub-set of existing NEFC Provincial Expenditure Reviews. Meanwhile NRI might be invited to carry out user satisfaction surveys or similar at the community level to canvas opinion on the quality of service delivery.
- Support will be offered through a facility for research grants that will be released on the basis of i) research proposals initiated by the said institutions or ii) commissioned work originating from central agencies and provinces. A committee will be established to review proposals and monitor implementation.
- NRI will also be invited to play a learning/ knowledge function aimed at ensuring that good practice lessons and cases from the field are captured and widely disseminated. The option of setting up a bi-annual “service delivery innovations” newsletter may be considered. This will also serve to give greater visibility to DPLGA and its partners in tackling the challenges of sub-national service delivery.

Based on the approach under the EU funded Milne Bay pilot PFM study, PLGP could consider supporting PEFA assessments similar to Milne Bay (but less extensive) in some provinces and districts. For example, the conditions for the competitive incentive payment could include such an assessment being undertaken. PEFA indicators could also be used more broadly through the PLGP as a basis for dialogue with provinces on PFM reform. Remedial action and capacity development activities could be replicated in other provinces.

**Expected Lower Level Outcomes: Sub-Component 2.3**

- *NEFC, NRI produce targeted applied research and analysis to inform policy and operational decision making related to remedying service delivery constraints*
- *NRI produces a bi-annual newsletter highlighting service delivery innovations and lessons*
- *NEFC publishing Provincial Expenditure Reviews and conducting the regional forums with provinces resulting in provinces analysing their performance and making changes*
- *NEFC support analytical work on education and health spending produced to inform AUSAID whole-of-program planning/ decision-making*
- *Provincial PFM research and assessments in a number of provinces resulting in sustained improvement in those three provinces and some lessons applied across others.*
- *PLLSMA using research, analysis and monitoring, including sex disaggregated data, to understand differing impacts for women, men, girls and boys in service delivery*
- *Research and analysis on gender impacts being produced and used to guide the allocation of resources and implementation*

**2.5.4. Addressing Gender and HIV/AIDS in Component 2**

**Gender**

Specific gender equality mainstreaming activities within this component will include:

- Using research, analysis and monitoring, including sex disaggregated data, to understand differing impacts for women, men, girls and boys in service delivery e.g. in education and health analysis at the provincial and national level;
- Identifying existing sources of information and analysis (for example, women's groups, local gender specialists, gender studies)
- Ensuring that the terms of reference for commissioned research include the need for a gender analysis
- Ensuring that researchers have appropriate gender analysis skills or support from the gender advisors to conduct the analysis
- Involving different groups of people (for example, according to age, gender, race, ethnicity)
- Bringing forward insights and successes in the PLGP monitoring and reporting to other PLGP partners, PLLSMA and partners.

## HIV/AIDS

- Supporting PLLSMA and PCMCs as the mechanisms to improve coordination of HIV and AIDS responses at the provincial level;
- Supporting NEFC to continue to report on HIV spending at the provincial level.

## 2.6 Component 3: A joined up Whole-of-Government Response in Support of Sub-National Service Delivery

### Component Outcome

**Whole-of-Government approach to decentralised service delivery operational**

Building on current achievements to better engage central agencies and sector departments in sub-national service delivery, the primary objective of this component is to reinforce a joined-up whole-of-government approach to building local capacity for decentralised service delivery. A secondary objective is to strengthen the participation of central agencies in tackling policy issues related to decentralised service delivery impediments and in the process to help institutionalise cooperative arrangements across agencies.

AusAID's approach to improved coherence and coordination at the whole of government level is discussed above in section 1.6.

The component is implemented through two sub-components.

### 2.6.1 Sub-Component 1: Support to PLLSMA Coordination Role

#### Sub-Component Outcome

**Coordinated national response to challenges of decentralised service delivery with PLLSMA playing a lead role.**

This sub-component will complement the support provided to PLLSMA under component 2, is also guided by its approved strategic plan (Annex 6-2). Whereas the focus there is on the performance monitoring function of PLLSMA, in this component, the focus is on the *coordination and policy development* function of PLLSMA. PLGP will therefore build on current GoPNG work to strengthen PLLSMA's



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role in promoting *inter-departmental coordination* around sub-national service delivery.

The key coordination function of PLLSMA is to facilitate effective collaboration and partnership between government agencies to share information and resources to service citizens.

- This work is closely related to the proposed work to strengthen PLLSMA's role in performance monitoring. It will explore ways of assuring greater cross-agency engagement under the auspices of PLLSMA *in the collection and analysis of performance information*. Based on such analysis, it will encourage joined up responses from across the national level.
- PLGP will also assist PLLSMA to identify research and policy issues that require deeper analysis as proposed under sub-component 2.3. PLLSMA will be assisted to encourage inter-departmental review of policy proposals relevant to strengthening decentralised service delivery.
- PLGP will assist PLLSMA to perform its core coordination roles as an institution in association with DPLGA, including:
  - Organise PLLSMA meetings on a regular basis
  - Host 6 monthly PLLSMA and Provincial Administrators meeting
  - Provide PLLSMA secretariat support to the Annual Governors Meetings
  - Convene PLLSMA sub-committees for service delivery sectors – building on promising start-ups in law and justice, HIV and education but all of which need further nurturing
  - Support the Function Assignment project to further clarify roles and responsibilities – through awareness raising, monitoring and clarification as required
- In chapter 3 of this design, the proposed governance and management arrangements for the PLGP are described. These arrangements recognise the role of PLLSMA as the appropriate GoPNG interdepartmental body to coordinate external support for decentralised service delivery support. Placing the PLGP under the oversight of PLLSMA will in itself strengthen the recognition of PLLSMA as the key institution responsible for promoting coordination for sub-national service delivery (see further Ch. 3).

#### **Expected Lower level outcomes: Sub-Component 3.1**

- *PLLSMA coordinates central agency engagement around identified decentralised service delivery policy and operational issues*
- *PLLSMA facilitates closer coordination of performance monitoring processes across government agencies*

- *PLLSMA facilitates on a regular basis consultative processes between central agencies and provinces including political leadership*
- *PLLSMA sub-committees are operational around all key sectors of health, education, HIV/AIDs and law and justice.*
- *Functional assignment clarified and endorsed by central agencies and national departments*

### 2.6.2 Sub-Component 3.2: Support to central agency sub-national capacity development responsibilities

#### Sub-Component Outcome

**Provinces supported with central agency engagement, policy advice and timely capacity development activities.**

#### Strengthening the DPLGA Coordination Function

PLGP will assist DPLGA to coordinate capacity development support for provinces and to coordinate the development and review of policy matters related to decentralised service delivery.

With respect to **CD coordination**, DPLGA will be assisted to better link provincial requests for capacity development support to central agencies with a mandated responsibility to respond.

- Although DPLGA is expected to continue to play an implementation role with respect to the revised PPII in the medium term (see component 1), the department has recognised its role to be primarily a coordination one.
- PLGP will assist DPLGA to better coordinate with other central agencies as well as with provinces and other development partners.

With respect to **policy coordination**, PLGP will support DPLGA to develop policy to improve service delivery, address constraints etc. This is expected to be closely linked with the PLLSMA coordination function described in component 2.1 as well as the applied research and policy analysis work described in component 2.3.

#### Facilitating Central Agency engagement with Provinces

This program will through PPII and other activities under this component align its support to provinces to enable them to participate, as selected, in EPSP activities. The program will be able to support both the central agencies (if needed) and the provinces in the pilots and trials nominated by GoPNG through EPSP's program management group. Further information on the EPSP and its potential links with PLGP are contained in the box below:

### Box 3 – EPSP Overview

The Economic Public Sector Program (EPSP) is a GoPNG program supported by AusAID and based in the central and Waigani agencies with the purpose of achieving an effective and efficient public service that focuses on service delivery for the men and women of PNG and creates an enabling environment for broad-based economic growth. In mid 2012 EPSP's program management group (departmental secretaries with AusAID) accepted that government must start to address some of the systemic and well documented services delivery constraints. They adopted as a starting point the following list as 'targets' for activity and support the start-up and prioritisation to be decided in late 2011. Obviously all cannot be started as yet as some are massive. EPSP will be targeted in its implementation approach. These are the problems currently on the list all of which have a GoPNG background and all of which AusAID has an identifiable interest in supporting through the Partnership for Development:

- **Provincial Budget Funding:** which causes delay and seriously impacts on provincial service delivery (Treasury and Finance)
- **Function Grants and Minimum Priority Activities:** The need to enhance the budgeting of function grants, the timely release of grants to the provinces, the reporting of outputs against the grants, and the need for greater engagement with provinces in activity quality. (Treasury and Finance)
- **Provincial Health Authority start up:** The three new PHA's need support from national agencies in their start up. (Treasury, Finance, DNPM and health)
- **Health and Education Minimum Priority Activities:** The need for improved quantitative and qualitative reporting to increase demand for accountability.
- **Provincial audits:** Completion in a timely fashion is a high priority for accountability and needed if provinces are to produce annual reports.
- **Manpower and Establishment Review:** DPM needs to lead the organisational review and audit and integrate DPLGA/PPII supported HR work, including affordability of structure and location of staff to support service delivery
- **Roll-out of Payroll:** DPM needs capacity support for the roll-out of payroll management to select provinces.
- **Provincial Development Plans:** DNPM needs the capacity to review and update Provincial Development Plans to incorporate Vision 2050, DSP and MTDP targets and objectives.
- **Jiwaka and Hela Start-up:** These two new provinces require capacity support and assistance to establish their administrations; to participate in government administration; to secure an equitable share of resources; and to participate in capacity development programs.

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Based on needs identified by provinces and DPLGA (reflected in provincial CD plans and/or findings of diagnostic work such as *District Case Study*) there will be emerging issues not covered by EPSP or other programs. PLGP will be able to assist central agencies to provide capacity development services to provinces, districts and LLGs, where they have the mandated responsibility to do so. PLGP's role will be to facilitate the central agencies and the provinces to engage and for provinces to access central agency advisory services. PLGP will not, however, fund the central agencies to develop their specific operational and project plans. In such cases this program may be able to assist central agencies to improve their capacity development and support to provinces and districts on specific activities if requested by a provinces and support by a strong commitment from the central agency concerned. This will be particularly relevant if it addresses known bottlenecks or constraints to service delivery.

In addition, the program will explore ways to better coordinate capacity development support of national health and education departments at the provincial and district levels. This will also be an important consideration for the wider sub-national strategy in terms of coherence of CD support between AusAID sector and governance programs.

In working with central agencies, the aim will be to reduce reliance on the number of advisors hired directly through DPLGA to assist provinces, and focus rather on strengthening the capacity of existing GoPNG capacity development providers. By doing so, the program will adopt as default working with existing GoPNG CD programs and tools, with advisors used as a last resort (see further section on CD approach in chapter 3).

Mobilisation of central agency support for provinces will be achieved through a facility – type arrangement offering technical and financial support to agencies to enable them to support provinces in identified areas.

AusAID Provincial Representatives will also be expected to work with Provinces and other AUSAID governance and sector programs to ensure coordinated and complementary CD support from different AUSAID programs.

#### **Expected lower level outcomes: Sub-Component 3.2**

- *DPLGA, working closely with EPSP, recognised and functioning as focal point for coordination of central agency capacity development support to provinces*
- *DPLGA, working closely with EPSP, playing a policy coordination role facilitating greater coherence in policies related to sub-national service delivery*
- *Provinces and central agencies/ sector departments engage together to resolve identified service delivery bottlenecks*
- *Provinces and districts formulate CD plans to guide and coordinate support from central/ sector agencies*

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- *Selected provinces have fully implemented decentralised HR functions through capacity support of DPM*
- *Selected provinces are using planning and reporting templates that are consistent with DNPM guidance and which offer an integrated framework for linking ward, district and provincial plans*
- *Identified bottlenecks in financial disbursements and reporting are resolved*

**Table 1: Summary of proposed PLGP support for key GoPNG institutions across the three Program Components**

	Component 1 Service Delivery Capacity	Component 2 Performance Monitoring	Component 3 Joined Up Approaches
<b>DPLGA</b>	Capacity to support Province/District Capacity Development through PPII and related mechanisms	Capacity to identify and lead policy development processes  Capacity to monitor new PPII performance	Capacity to coordinate CD support to provinces by central agencies
<b>PLLSMA and PCMC</b>		Capacity to meet statutory responsibilities for sub-national performance reporting	Capacity to coordinate a joined up response to decentralised service delivery
<b>Other Central Agencies (DPM, DoT, DNPM)</b>			Facilitated to provide CD and policy support to provinces/ districts
<b>Provincial and District Administrations (including LLGs as appropriate)</b>	Corporate and Service Delivery capacity strengthened through new PPII support.  (Capacity development assistance of central agencies to address service delivery bottlenecks)	Capacity to manage performance information and engagement with political leadership to improve service delivery	Capacity to demand support from central agencies and to encourage/ advocate for joined up approaches
<b>NRI</b>		Applied research and knowledge management related to sub-national service delivery	

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	<b>Component 1</b>	<b>Component 2</b>	<b>Component 3</b>
	<b>Service Delivery Capacity</b>	<b>Performance Monitoring</b>	<b>Joined Up Approaches</b>
<b>NEFC</b>		Policy analysis related to sub-national service delivery performance monitoring	
<b>DIRD</b>		Greater visibility of DSIP within provincial and district plans, budgets and reporting framework	Participation as strategic partner within PLLSMA

### 3. Implementation Arrangements

The governance and implementation arrangements for the program cover all program components as well as engagement with all GoPNG agencies. These arrangements differ from SNS where AusAID maintained individual engagement strategies with the key counterpart agencies and for which there was no over-arching GoPNG coordination mechanism.

The proposed structure of the management arrangements is similar to those of SNS/PPII with some modifications to enhance engagement and coordination and the use of GoPNG mechanisms.

This Chapter summarises the program's governance. Extended details are in Annex 7.

#### 3.1 Management Institutions

Responsibility for delivering the program rests on the agencies of GoPNG participating in it. However, AusAID and the contractor are not absent friends – they are there in support of, and behind, GoPNG in implementing this program. In practice this means that:

- The Contractor is compelled to provide advice on capacity development strategies and appropriate mixes of inputs constantly, provided it does not take the responsibility from GoPNG implementing partners.
- The Contractor then needs to engage and facilitate working with GoPNG agencies with AusAID to co-produce proposals and decisions regarding quality CD support services and then to be held jointly accountable at the program's output level for capacities enhanced or strengthened.

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- AusAID is PNG's development partner. AusAID works with the PNG partners to influence strategic direction and performance. AusAID is providing significant finance for the program's activities. It has a strong interest in the successful delivery of the program, but it is not the implementer.
- AusAID has engaged the Contractor to provide the management services in this design and to act as described above. The AusAID team stands above the Contractor; it is responsible for overseeing the quality of the Contractor's contribution.

#### **3.1.1 PLLSMA – Strategic Oversight and Management**

PLLSMA is the appropriate body to provide the high level oversight of the program and would replace the current PPII Steering Committee, recognizing that PLLSMA will cover the whole of PLGP. Three of PLLSMA's statutory functions are particularly relevant to performing this role. PLLSMA is chaired by the Secretary for DPLGA, and its members consist of a senior departmental heads. PLLSMA engages twice a year with all provincial administrators, and twice a year with four provincial administrators as representatives. Although Bougainville has separate constitutional arrangements the Chief Administrator for the ABG participates in PLLSMA provincial administrators meetings. AusAID has been invited to attend PLLSMA meeting as an observer. PLLSMA roles for the program are noted in the Annex. The most important are approving the annual plan and monitoring its implementation.

#### **3.1.2 PLLSMA Development Programs Sub-Committee**

There is enthusiasm from stakeholders for a sub-committee of PLLSMA to manage and coordinate all donor programs associated with sub-national service delivery. This proposed committee is an extension of the PPII Secretariat where agency participation at working committee level has been reasonably consistent and improving. A DPLGA Deputy Secretary should chair this committee and DPLGA resource it. It is suggested that DNPM assume the deputy chair role. AusAID and other development partners will be members of the committee. It will meet monthly as with the current PPII Secretariat. Membership could consist of the PLLSMA member agencies together with DIRD, NRI, provincial representatives, the ABG, National Coordinating Office on Bougainville Affairs, AusAID and other donors in the sector.

A paper will need to be prepared for PLLSMA to establish this new committee and approve its terms of reference and membership. The suggested name of this sub-committee is the PLLSMA "Development Programs" Sub-Committee. It will inter alia:

- a. provide advice and strategic program guidance to PLLSMA;
- b. review reports from and provide guidance to the program Contractor;
- c. monitor provincial and agency progress, receive reports on progress, and document these for reporting to PLLSMA;
- d. manage the annual planning process based upon the GoPNG budget cycle;

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- e. receive the draft annual plans from agencies and with DPLGA and the Contractor consolidate them into the program's annual plan for review and transmission to the PLLSMA Committee for approval;

As part of the program working arrangements AusAID will have regular meetings with DPLGA as the lead agency on the shape, scope and engagement strategies of the program. This will result in papers being prepared by DPLGA, AusAID or the Contractor for the sub-committee's consideration.

#### **3.1.3 DPLGA and Key Agencies**

PLLSMA/DPLGA are the lead counterparts for PLGP but not the sole key ones. Others include provinces and some districts, ABG, NEFC, DIRD, NRI and select central agencies. DPLGA is responsible for taking primary accountability within GoPNG for enabling PLLSMA to undertake overall coordination of the program for the government. Individual agencies are accountable for the achievement of the outputs and outcomes targeted by PLGP in their agency. DPLGA will be AusAID prime point of contact.

#### **3.1.4 AusAID**

AusAID's key responsibilities include engaging with GoPNG, particularly DPLGA and DNPM on this program in the context of the whole aid program. AusAID through the SNS team will fully engage with and participate in setting strategic direction and policy for the program through the PLLSMA, PLLSMA Development Partner Sub-Committee, DPLGA and other program partners. The AusAID representative located in DPLGA will strengthen implementation and support close collaboration between the program and DPLGA (and other partners) and the Contractor. The AusAID Program Director will have primary responsibility for policy and performance dialogue with the secretary of the department and PLLSMA.

#### **3.1.5 The Contractor**

In 2011 AusAID went to the market for a new Contractor for a 13 month extension to the current phase of SNS assistance from June 2011. AusAID has the option to extend that contract for a further five years to support PLGP (split into two separate options).

The strategic and operational direction of the program rests with GoPNG and AusAID. The Contractor contributes to development results by supporting this agreed direction, through patient and deliberate building of PNG program participant capacity, providing timely advice, thinking strategically, adapting to program experience, and addressing crosscutting issues.

GoPNG needs a contractor that is respectful of leaders, understanding of the development environment, appreciative of the complexities in the working landscape and has the willingness and the skill to patiently and deliberately build capacity of PNG program participants to get the best out of the program by themselves.

The recommended Contractor team consists of:

- A full time Team Leader will take responsibility for the management of the Contractor's contribution for the program
- Deputy Team Leader (Development) – integrating all CD responses



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- Deputy Team leader (Services) – managing the program’s inputs
- Monitoring, Reporting and Evaluation Manager – fulfilling the contractor’s M&E responsibilities
- Recruitment Coordinator – located in PNG for recruitment processes
- Finance Manager – program financial performance and audit management
- Logistics Coordinator – procurement of goods and services
- Services Manager – managing personnel in finance, logistics and program processes

#### **3.1.6 Independent Review Team**

AusAID will conduct an annual performance assessment of the Contractor using and an independent review team. The specific terms of reference and duration of in-country visits will be decided by AusAID in consultation with PLLSMA and DPLGA.

### **3.2 Annual Program Planning**

One of the weaknesses of the current program under SNS is that there is no overall GoPNG mechanism of coordination and review for the package of AusAID’s SNS assistance. AusAID has dealt with DPLGA, NEFC, ABG, NRI etc individually, although the PPII Secretariat has been taking a wider interest in all SNS program inputs. A change is needed to promote greater coherence using the GoPNG planning and budgeting system.

The design mission recommends that the process be developed by DPLGA, and stakeholders, with AusAID during the remainder of 2011 for implementation from 1 July 2012. It can then be endorsed by PLLSMA in early 2012.

This design recommends that PLGP supports DPLGA/PLLSMA to introduce an annual planning process that has as its objectives:

- Working within GOPNG systems to develop a coordinated plan and budget to support implementation of agreed sub-national capacity development initiatives. This should link in with PLLSMA/DPLGA annual calendar; PLLSMA aims through this process, in the medium term, to link and make more coherent the whole planning and budgeting system as it relates to provinces.
- PLLSMA through Secretary, DPLGA can then for instance better advise the government’s Budget Screening Committee on provincial budgets.
- Bringing forward PNG priorities in a demand driven process and engaging with AusAID on those priorities at various stages of the annual plan process including endorsing the draft plan submitted to PLLSMA.
- Bringing both GoPNG counterpart agency and AusAID funding into the same single GoPNG planning process.
- Strengthening coordination of implementation and reporting of performance based upon existing quarterly review processes.

The process should be designed and agreed by partners and AusAID after this design is approved and prior to the start of PLGP in June 2012 for the GoPNG 2013 financial year. One option is developed for consideration in Annex 7.

### 3.3 Capacity Development and Advisers – the Key Inputs

This section sets out the approach to capacity development (CD) that the PLGP will follow. It also discusses the current issue of advisers.

#### Definitions

The program is guided by AusAID's definitions of capacity and capacity development, which appear in the list of acronyms and glossary of terms.

It is important to emphasise that capacity development is an endogenous process that needs to be led and directed by country partners. Development partners such as AusAID can provide support to endogenous processes through the provision of technical and financial resources and through the facilitation of change processes. However, they can neither lead nor shoulder full responsibility for capacity development.

This design uses the term "adviser" as defined in AusAID new Operational Policy *Use of Advisers in the Aid program* (March 2011) for what was formerly called 'technical adviser' or 'TA'.

#### PLGP Context

At a strategic level, the PLGP can be described as a capacity development support program, whose main goal is to support improvements in GoPNG capacity at the level of individuals, organisations and larger systems.

- Supporting the development of **individual** capacity is typically associated with human resources development. It can involve, in-service and pre-service training, on-the-job mentoring and learning, performance management. This will be required at all levels of program intervention, for instance work with DPLGA, PLLSMA and at provincial and district level across PNG.
- Supporting the development of **organisational** capacity is typically associated with organisational development and change. It can involve restructuring, development of leadership and performance management systems, inculcation of norms and values, strengthening of core corporate capabilities and well as implementation or technical capabilities. This will be the focus of program interventions at national and sub-national levels. Most of the program's envisaged results are defined in organisational terms.
- Supporting the development of **system** capacity is typically associated with strengthening networks of organisations and the relationships that exist between them, developing the policy and legal environment within which organisations function as well as larger systems that transcend any individual organisation. This will be an increasingly important part of the program as it seeks to promote a more robust "joined up" approach to decentralised service delivery including strengthening

of relationships and coordination mechanisms as well as developing performance monitoring systems that link both vertically and horizontally.

## **Capacity Development Guiding Principles**

### **Thinking Beyond Advisers**

A basic principle is that selection of CD inputs should be based on a diagnostic of need. The nature of the problem/ challenge to be addressed should guide the selection of an appropriate response. Often this might require a mix of inputs that could include:

- Provision of long and short term advisors
- Short and long term training opportunities for selected individuals
- Short exchange programs and study tours
- Peer learning events including secondment of staff across departments/ provinces
- Financial resources to enable deployment of existing GoPNG CD programs/ activities

In this regard, an objective of the program will be to promote the use of existing GOPNG CD resources such as advisory support, training programs and the like that are housed across different Central Agencies and line departments. To the extent possible, these will be used as a default with appropriate back-up support. Consideration will also be given to private sector providers.

### **Adviser Considerations**

Decisions to deploy advisers on either short or long term will be informed by guidance associated with the recent Adviser review. This will, among others, have implications on total numbers of advisers to be deployed. Building on SNS phase 1, a deliberate effort will be made to recruit PNG advisers and to ensure appropriate representation of women in advisory positions. This design's approach, and that of the Independent PPII Review which will be heavily influential on Component 1 activities, is consistent with the minimum standards for adviser planning, selection and performance management as described in the Operational Note.

Annex 7 provides an analysis of these standards in the context of this program.

### **Practical Ownership on the Partner Side**

If CD is an endogenous process, then ensuring practical ownership of change processes on the part of partner organisations is critical and a key determinant of CD outcomes. It is important that partner organisations:

- Are fully involved in needs assessment, consideration of optional inputs and recruitment of CD inputs.
- Make clear their own roles and responsibilities in realising agreed capacity development outcomes. This can include exercising leadership and oversight, mobilisation of staff and financial resources.

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- Are fully involved in the management of CD related activities including performance review. In the case of advisers, this implies being responsible on a day-to-day basis for supervising advisers, agreeing on workplans and performance monitoring. In the case of other forms of CD support, this implies assuming a clear management role in ensuring implementation of activities.
- Jointly review, together with AusAID/Contractor their respective contributions to CD support, identify constraints and shortcomings and produce an action plan for problem resolution.

#### **Incentive and Demand Based Approaches**

The program will avoid so-called supply driven approaches that enjoy modest support and ownership on the part of beneficiary organisations. This will be done by:

- Ensuring that CD support is grounded in proposals emanating from potential beneficiaries and vetted against agreed criteria
- Selective use of incentive-based approaches where access to CD support services and discretionary funding is based on successful progression through agreed CD strengthening processes. This will be applied primarily in the context of the revised PPII.

#### **Promoting Coordinated Approaches across AUSAID programs**

PLGP together with other AUSAID programs will be responsible for coordinating CD support to national and sub-national institutions and especially between governance and sector programs. Improving CD coordination across GoPNG will moreover be a priority of component 3 of the program. Key challenges for AusAID are to distinguish responsibilities for CD at provincial and district levels between the education and health programs and the PLGP. The Interim Guidance Note prepared in 2009 provides further insights on these challenges.

### **3.4 Financing Arrangements**

In the initial phase PLGP will operate as follows:

- i. The Contractor will invoice AusAID monthly in arrears for program implementation costs.
  - ii. **Bougainville Governance Implementation Fund Trust Account** and its two subsidiary accounts, the **NCOPA Subsidiary Account** and the **ABG (Buka) Subsidiary Account** will support the Bougainville activities.
  - iii. **PLGP Trust Account – Main Account** and its 10 subsidiary accounts will be maintained until AusAID and DPLGA agree an appropriate funding arrangement for the incentive grants, in accordance with the Risk Assessment at Annex 11.
- Further changes to PPII are possible under the pending design and the new incentive framework that is yet to be developed by AA/GoPNG.

### 3.5 Indicative Budget

The program's indicative Australian contribution as detailed in the Annex is A\$26.6 million rising to A\$27.7 million in Year 2. GoPNG's contribution is budgeted at K4 million and K 6 million respectively. This is primarily to fund and cash performance grants to provinces together with DPLGA's own costs. Budgets for the program sub-components are available in Annex 6 and in summary form in Annex 7. These are estimates only and include the design team's assessment of adviser needs and ratings under the Adviser Remuneration Framework.

## 4. Monitoring and Evaluation

Building on the SNS MTR, the periodic independent reviews, lessons learned and progress made, a monitoring and evaluation framework (MEF) for phase 2 is proposed that:

- Subscribes to a **results logic** that recognises the primary capacity development role of the program and the importance of focusing on the combined efforts of GoPNG and AUSAID to achieve CD results.
- Identifies **key performance questions** related to processes, outputs and outcomes at component and program levels that contribute to telling a story. It proposes a **typology of indicators** to monitor capacity development and service delivery results.
- Suggests **sources and methods for collection and analysis** of monitoring information with an emphasis placed on working with and strengthening GoPNG systems.
- Takes account of the various **reporting requirements** of AusAID and GoPNG and in the process makes the case for mutual accountability and learning.
- **Suggests how the program level MEF can fit into a broader cross program MEF** that aims to understand and account for the combined efforts of AUSAID programs to improving service delivery.
- **Proposes resourcing needs of MEF implementation** to ensure that it happens.

### 4.1 The Results Logic: Mutual Accountability for CD Results

The MEF recognises the primary capacity development role of the program as aiming to strengthen GoPNG systems to better deliver services at the sub-national level. This capacity development role – which can be contrasted to a direct service delivery or substitution role - is reflected in Figure 3 below. From a monitoring point of view the following definition of program outputs and outcomes are derived:

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<b>Processes</b>	Refers to the quality of interventions and related management systems aimed at delivering program outputs
<b>Outputs</b>	Contributions to changes in the capacity of individuals, organisations and systems
<b>Outcomes</b>	Improved delivery of services by individuals, organisations and systems as a result of enhanced capacity

The MEF also recognises the need to monitor **the combined efforts of GoPNG and the AusAID program in meeting program objectives**. This makes sense because PLGP does not implement activities on its own, but rather supports GoPNG stakeholders to implement activities. This perspective, applied at program, component, output and technical assistance level, helps to promote the principle of mutual accountability for results. It provides a basis for mutual performance review and learning at strategic and operational levels. It will also help to shift the MEF from being perceived as an instrument solely to meet AusAID requirements to one that addresses GoPNG's requirements for the program itself and as a contributor to government sector and national plans such as the MTDP.

#### 4.2 Key Performance Questions and Typology of Indicators

Key performance questions guide the MEF and are linked closely to the program's theory of change. They aim to enable program stakeholders to determine how far the program has succeeded in meeting its strategic goal and component objectives including expected outcomes and the relationship between these. Addressing these questions will help stakeholders to understand what has worked and what has not worked, and why, as well as to test assumptions underlying the theory of change. Examples of key performance questions are included in Annex 8, table 8-1.

International experience has recognised the need to give due attention to so-called "soft" CD indicators that focus on aspects of behavioural, and attitudinal change at individual and organisational levels as well as aspects such as resilience, legitimacy and relationship building.

Appropriate **indicators** will need to be selected that adequately capture the process of change associated with the performance questions listed above. It is recommended that these are selected by stakeholders themselves. It should however be noted that as the MEF aligns more closely with GoPNG's own performance monitoring systems many indicators will have already been selected to meet GoPNG monitoring requirements. Examples include the performance indicators contained within the MTDP, national sector plans, the Partnership for Development, health and education management information systems, the indicators used in the s119 reports and the indicators used to track progress in implementing key results areas associated with the PPII (of which there are many!). Examples (for illustrative purposes only) of indicators that address capacity change (program outputs) and service delivery improvements (program outcomes) are provided in Annex 8, table 8-2:

### 4.3 Sources and Methods for Collection and Analysis

Evidence to support reporting requirements will be drawn from multiple sources of primary and secondary data. To the extent possible, GoPNG data sources and monitoring reports will be used, but where these are either insufficient or unreliable, additional information will be collected.

A key task will be to make sense of available information and to draw conclusions that can answer key performance questions. This type of meta-analysis, including triangulation of qualitative and quantitative data and cross-checking between data sources of both GoPNG and AUSAID will require the services of a dedicated M&E specialist.

To enable tracking of change over time, it will be important to produce/establish a set of baseline information relating to key performance areas, a responsibility that can be undertaken by the Contractor in year 1. A case in point would be in relation to education and health sectors, where under component 2, work will be commissioned by PLSSMA on education and health service delivery expenditure across the recurrent and development budgets.

It will also be important to create baseline information on capacity, so that changes in capacity can be monitored over time. The program may wish to consider alternative methodologies for monitoring capacity change. Examples highlighted in the MTR include:

- Annual evaluations informed by the Kirkpatrick method<sup>4</sup> – this well-established method focuses on indicators relating to four phases of capacity development.
- Adaptation of the proposed framework for a balanced approach to monitoring and evaluating capacity and performance<sup>5</sup> - this focuses on indicators relating to five core capabilities that affect capacity and performance.
- Goal attainment scaling<sup>6</sup> – a qualitative, participatory method that can be established at the beginning of capacity development processes and used to measure stakeholder perceptions of change as the process is implemented over time.

**Case Studies** offer a useful way to “tell a story” about change, taking account in particular of the views and experiences of stakeholders involved. Case studies can help enrich quantitative data offering insights into process dimensions of change that are less easily captured through numbers and indicators. It will be important for the program to identify potential case study topics early on so that the research required can accompany processes over time.

Periodic **PFM Assessments** are proposed as a way to track change in the performance of PFM systems at the sub-national level, and to monitor the impact of capacity support in the area of PFM. These assessments might use parts of the PEFA framework, but the diagnostics need to be simple and have a PFM bottlenecks focus and be at the service delivery unit level.

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<sup>4</sup> Kirkpatrick, D. (1998) Evaluating training programs – the four levels. Berrett-Koehler Publishers.

<sup>5</sup> Engel, P., Keijzer, N., Land, T. (2006) A balanced approach to monitoring and evaluating capacity and performance. A proposed framework. European Centre for Development Policy Management, MAUSAIDstricht, the Netherlands.

<sup>6</sup> Kiresuk, T.J., Smith, A. and Cardillo, J.E. (1994) Goal attainment scaling: applications, theory and measurement. Laurence Erlbaum, USA.

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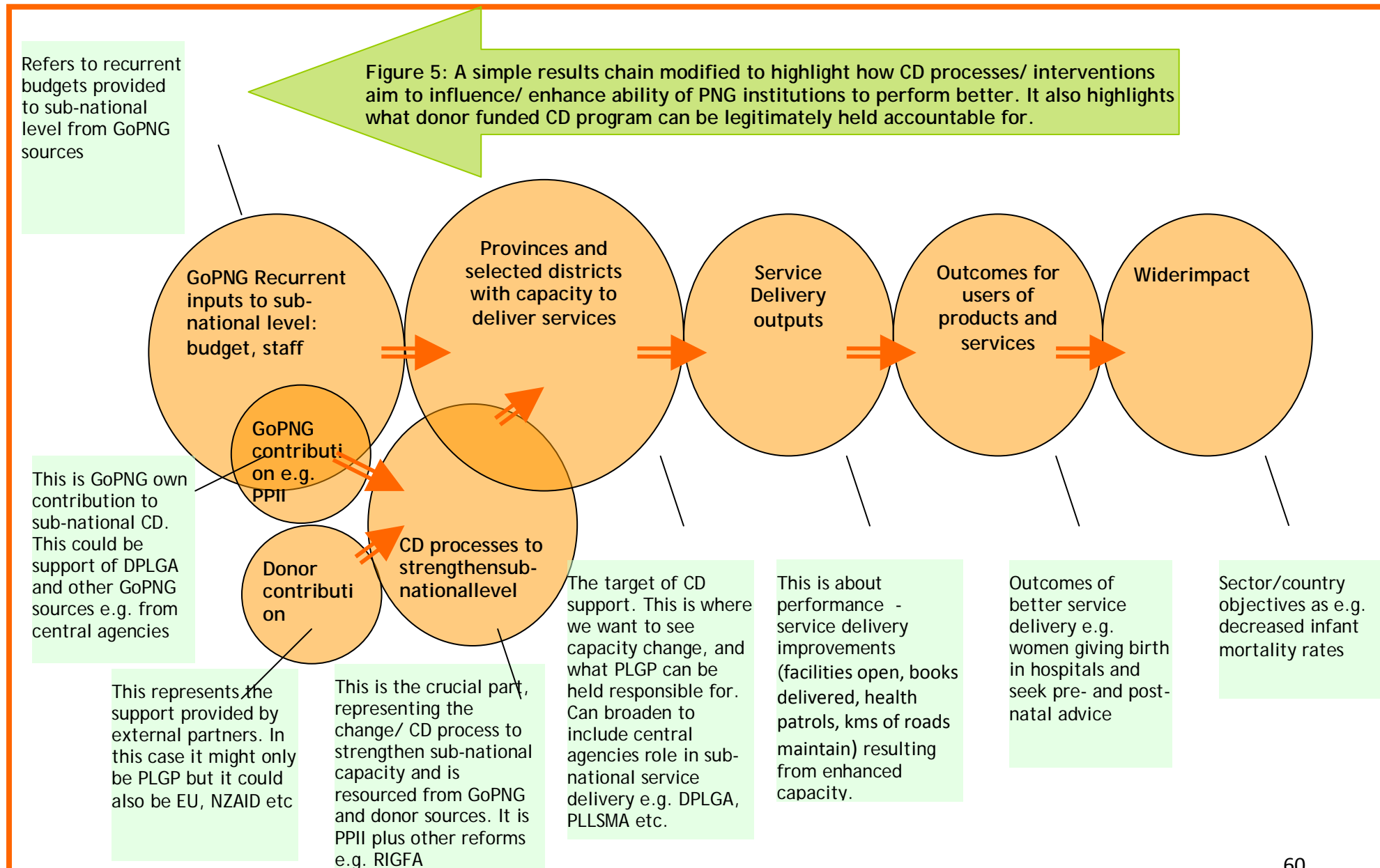
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The following table identifies a number of data sources that may be drawn upon to monitor capacity change and service delivery improvements. The table distinguishes between existing GoPNG data sources/systems and additional sources of data/ methodologies that may be required. The table is illustrative.



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**Table 2: Potential Sources of Data**

	<b>GoPNG data sources/ systems</b>	<b>Additional data sources/ systems</b>
<b>Capacity Change</b>	Revised PPII provincial monitoring of corporate and CD plans  LLG compliance reports	DPLGA corporate self-assessment  'PPII' Peer Reviews  PLLSMA self-assessment  Research incl. case studies  PR quarterly reports  Periodic PFM Assessments
<b>Sub-National Service Delivery Performance</b>	S119 reports (PLLSMA)  S114 reports (DoT)  Sector, district and quarterly facility reports against budget and plans  PER reports (NEFC)  DIRD reports  (Proposed) Provincial Annual Performance Reports  Education - EMIS  Health - HMIS	NRI Commissioned research  NEFC commissioned research on education and health expenditure  PR quarterly reports  'PPII' Peer Reviews  Community surveys  Feedback from related AA programs -sector and democratic governance

## 4.4 Reporting Requirements

The MEF recognises the reporting requirements of both AUSAID and GoPNG and will to the extent possible seek to establish a single framework that meets the reporting requirements of both and that in the process encourages mutual accountability.

From the **GoPNG perspective**, a wide range of reporting lines and requirements already exist which are in the process of being strengthened and aligned. Those that are relevant to the PLGP MEF include:

- Quarterly Provincial Reporting against implementation of PPII channelled through DPLGA.
- Annual Reporting on governance and service delivery via s119 channelled through PLLSMA.

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- Annual S114 reporting channelled through to PLLSMA.
- Periodic reporting on MPA expenditure channelled through to DoT.
- Periodic reporting of education information via EMIS channelled through to NDOE.
- Periodic reporting of health information via HMIS channelled through to NDOH.
- Periodic reporting of DSIP expenditure channelled through to DIRD.

At provincial and district level, the following additional reporting is required:

- Quarterly provincial financial reporting linked to facility and sector plans through integrated planning and budgeting. This is part of PPII's CD approach with significant progress in four provinces.
- Provincial reporting on DSIP spending

Further, PLGP will support a select number of provinces to pilot preparation of an annual service delivery performance report (see component 2) that will attempt to provide an overview of service delivery in the province building on data drawn from these different reporting lines.

From the **AUSAID perspective**, PLGP reporting requirements will need to support four categories of reporting:

- **Contractor quarterly/six monthly and annual report**; exception reports
- **Annual Reporting**: Annual Performance reports (APPR, ATPR)
- **Annual Quality Reporting**: Quality at Entry, Quality at Implementation
- **Periodic Evaluation**: Independent Evaluation Reports (IPR, ICR)

Opportunities for greater alignment of reporting requirements exist:

- Discussions have already begun between GoPNG and AUSAID to explore possibilities for greater alignment of their respective reporting systems.
- Provincial Representatives have started undertaking detailed service delivery monitoring on behalf of AusAID health and education programs (SNS has produced a pilot template for provincial representatives to monitor progress in the keys sectors in their provinces),
- PLLSMA/DPLGA has also initiated discussions with national departments to explore ways to better align sector data to s119 reporting.
- Both AusAID and government of PNG have expressed interest in jointly conducting impact studies under Component 2.

Annex 8, table 8-3 provides an illustrative calendar/typology of reporting.

Other considerations:

- Distinguishing between *purpose* of monitoring: accountability versus program management and improvement (learning). It should be noted that for AUSAID Accountability purposes, the focus tends to be on comparing program inputs and program outcomes. Learning and management by comparison is also interested in process and outputs. This can best be achieved through the preparation of case studies.
- After two years, PLGP quarterly monitoring should be reduced to semi-annual reports that are designed to facilitate dialogue between GoPNG and AusAID as well as inform program management. A key challenge will be to find ways to align reporting cycles/ timing between AUSAID and GoPNG.

#### **4.5 Contribution of program MEF to whole of program MEF**

AUSAID PNG is currently working on a whole-of-program MEF that will aim to explain the aggregate contribution of all programs to sub-national service delivery improvement. This is work in progress. The proposed program MEF described here is designed to fit into the eventual whole-of-program framework as illustrated in Annex 8, figure 8-1.

Improvements to service delivery will result from the combined efforts of all programs. Annex 8 table 8-4 illustrates in rough terms how improvements in particular sectors such as health, HIV/AIDs and education will result from the combined efforts AUSAID programs.

#### **4.6 Resourcing the MEF**

To enable implementation of the program MEF it will be necessary to provide the following resources:

- a. A full-time M&E Manager on the Contractor's staff to take overall responsibility for implementing the MEF (see further under program management arrangements);
- b. Funding for the initial baseline study and periodic updates;
- c. Funding for research;
- d. Independent consultants from time to time; and
- e. A full-time CD (including M&E) adviser for the program located in DPLGA and PLLSMA with accountabilities both to GoPNG through DPLGA and AusAID.

Key considerations:

- Retain sufficient independence from AusAID and Contractor to assure objectivity when needed;
- Be present on the ground on a full time basis to manage the MEF as an integral part of program design and implementation;
- Provide support to Component 2 related to strengthening GoPNG monitoring systems; and

- Broaden the responsibilities of Contractor to collect activity and output data from across program components

As noted above, broader evaluations of outcomes and impact should be treated as joint assessments and implemented through independent expert.

## **5. Risk and Feasibility**

### **5.1 Risks**

Annex 9 contains the Risk Management Matrix with the risks grouped in four sets:

- Overall strategy and Implementation
- capacity in the provinces and partners
- improving performance management
- program management.

The program has a significant advantage in that it is an evolution of an existing program that has operated at a high level and without an event being a ‘show-stopper.’

The recommended planning and management approach is flexible enough for PLLSMA as the steering body, AusAID, DPLGA and the Contractor to make timely adjustments to the program if required. AusAID and its partners will be engaging in policy dialogue about service delivery across a number of key sectors with this formalised in the agreed Partnership for Development. Better planning (i.e. having explicit funded activities plans) M&E and reporting on outputs and outcomes will go a long way towards ameliorating all risks.

Component 2 is a new area deliberately exposed in this design with a much higher profile. The challenge of this Component should not be underestimated. The implementers and managers of the program will have to ensure that adequate resources are allocated to this component.

### **5.2 Feasibility**

Overall feasibility of the program is ranked at a high level. SNS, originally SNI has been operating since 2004. All the major elements of this program are extensions or enhancements of activities and approaches developed in PPII and other interventions, some of which have been very successful. The 2009 MTR and the 2010 PPII Review were both thorough and their recommendations have informed this design.

The new PPII while still to be designed will be based upon the concept and structure of PPII in its core operating procedures and processes. A feasibility issue will be the

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GoPNG budgetary commitment to pick up the cost of incentive payments for the Phase 1 and Phase 2 provinces as AusAID's commitment reduces. But it is not a significant exposure as the provinces regularly make the point that the CD approach is NOT dependent on that funding.

The feasibility of activities will be tested during the annual program planning round. The agencies will need support to participate in the planning process, and then to implement and monitor the activities funded under PLGP with both GoPNG and AusAID funding. This program looks to increase the technical capability of key participants to monitor and report on performance; increase the use of government systems for planning, monitoring; and will resourcing the program and the Contractor to (a) support participants in the annual planning process particularly in making good choices on the appropriate inputs, phasing and objectives for proposed initiatives, (b) provide advice to AusAID on the proposed set of activities in each annual plan so that GoPNG can engage in dialogue with its development partners, and (c) significantly improving M&E across the program.

All activities will be screened for technical feasibility. The contractor, with program advisers, will also work with agencies in a capacity development role to ensure that activities are designed and implemented with the best available advice and guidance.

It is anticipated that there may be some difficulty in finding suitable applicants for the senior advisory positions. The current program is experiencing difficulty in replacing experienced advisors within the new AusAID Advisor Remuneration Framework. Agencies have had access to respected and experienced advisers within SNS who have set a high standard and contributed to notable successes such as RIGFA, PP11, rejuvenating aspects of PLLSMA and PP11. Delays in filling critical positions or offering candidates with lesser skills and experience will cause frustration among counterparts and loss of credibility and traction in the program.

The program will operate with significant AusAID funding, and it is planned that way for its entirety. However, as noted in Component 1 the future PP11 has GoPNG picking up the cost of any incentive funding in the core new PP11 which will be available to all provinces. DPLGA will be assisted to make a budget submission in 2011 for the 2012 Development Budget based upon the redesigned PP11, which should be finalised in June 2011. AusAID funding will reduce to zero at the end of Year 2.

The program will operate within the proposed annual planning cycle. Budgets and financial commitments will be transparent to all. The contractor will report regularly to PLLSMA/DPLGA on program expenditure. It will be assisting DPLGA and provinces to report on the operation of the trust accounts. All participating agencies will be expected to contribute Recurrent Budget to the program through the allocation of staff and time. The contractor's financial procedures and audit systems, the requirements on DPLGA and provinces to account for funds and the independent audit all strengthen financial feasibility.

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All of the proposed partners have been involved with SNS and its activities for some time. Leadership has been a critical ingredient in the success of SNS funded activities since 2005. Engaging with and building the capacity of managers as leaders will continue to be important. Leaders within PLGP have:

- Built-up a good reputation among politicians and staff for performing well.
- Demonstrated a vision and want their province to be up in the top group of provinces. They are trying to translate vision into improved performance.
- Taken risks supporting for innovation and experimentation.
- Advocated for their provinces; they and their teams are proud of their achievements and can speak about them freely.
- Enforced commitment to good process in planning, budget, HR etc; and
- Shown commitment to local HIV activities and gender equality initiatives.

Provincial administrators and departmental heads have significant standing in PNG society. People in these positions can be drivers of change. The challenge for a program such as this is for it to align with their priorities, their needs and the culture and politics of their communities in a way that is consistent with the program's objectives.

The implementation of this program will have few activities that require appraisal in terms of their negative impacts on the physical environment. The Kokoda Development Program will support minor facility improvements and construction, which will meet the planning and building requirements of the Central and Northern provinces and the Kokoda Track Authority.

### 5.3 Gender

The National Policy for Women and Gender Equality 2011 -2015 has been endorsed by the NEC as is being debated in parliament (May 2011). Under the Policy:

***“Gender quality is when the roles of women and men are valued equally in three dimensions: equal opportunities, equal treatment and equal entitlements.”***

The Policy's vision is:

*To achieve a Papua New Guinea society in which all citizens – particularly women and girls – live together in dignity, safety, mutual respect and harmony.*

The policy objective is:

*To facilitate the development and implementation of gender equality and women's advancement programs, which will be founded on the principles of equality for all persons, particularly women and men, as enshrined in the Constitution.*

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The priority action areas for the Policy of particular relevance to this program are gender-based violence, HIV/AIDS, education and training, cultural norms and traditions, economic empowerment, decision-making and political participation.

The Policy has a set of strategies particularly relevant to the program:

- promoting equal participation by women and men in decision-making and monitoring access;
- supporting women and girls to exercise their rights through affirmative action;
- rolling out training programs for women's leadership in the public service;
- reducing the gap in accessing resources and the benefits of development;
- using differing approaches to meet the needs of specific provinces;
- encouraging provinces and districts to use community development strategies to empower rural women, perhaps linked with AusAID's SPSN program; and
- encouraging research at the sub-national level that, firstly, shows the benefits and detriments to girls and women of particular interventions, and secondly, which can be used in a local context to illustrate to men and communities any bias and discrimination. The evidence can then be discussed and used locally to make improvements in how things are done.

AusAID's policy goal is to reduce poverty by advancing gender equality and empowering women. The policy statement *Gender equality in Australia's aid program – why and how* (2007) explains why gender equality is important. AusAID's *Women Leading Change* (2011) is an important reference tool for this program.

The overall gender strategy for the program is based on mainstreaming gender in all activities supported by the program and in assisting the participating agencies and project managers to mainstream gender in their work. Gender mainstreaming requires that everyone involved in PLGP activities to understand and be committed to its achievement. At each point in planning, implementing, monitoring and evaluating the activities, the different needs of women and men, girls and boys, must be considered and addressed with the aim of achieving gender equity. Gender mainstreaming also requires all participating agencies, advisors and contractors (and their staff) to examine the impact of proposed and or existing policies and project outcomes on men and women in order to ensure fair and just outcomes on all members of society.

Chapter 2 of the design under each Component illustrates opportunities to advance gender equality. Chapter 3 highlights the lead role of the Contractor in this approach.



## **5.4 HIV and AIDS**

### **5.4.1 Context<sup>7</sup>**

The program's response to HIV has to be contextualised. Papua New Guinea is possibly the world's most diverse country in social, cultural and linguistic terms. This diversity is reflected in a vast range of beliefs and practices pertaining to sexuality, gender and reproduction, with important ramifications for HIV prevention. The vast majority of PNG's population live in rural areas and effective prevention needs to take local beliefs and practices into consideration. Papua New Guinea has undergone rapid and dramatic social and cultural transition in a relatively short period. Mobility has increased significantly and cash has entered all cultural systems, with the result that, within a few kilometres, traditional culture, beliefs and practices co-exist with expressions of 'modern' and global culture. These shifts are in turn reflected in the co-existence of 'traditional' and 'modern' sexual cultures, together with their respective implications for HIV-related risk, vulnerability and prevention.

Imported packages of solutions, focusing on individual behaviour abstracted from its social and cultural settings, are unlikely to work in Papua New Guinea. However, international experience suggests that Papua New Guinea may possess, albeit in nascent, and fragmented form, some key characteristics of effective responses to the HIV epidemic, such as the existence of social solidarity, concern for human rights, reciprocity (as reflected in the wantok system), dense networks of communication, community trust, and empowerment through participation and community mobilisation. However diverse they may be, Papua New Guineans share in common the pride they attach to their culture, tradition and heritage, values which offer considerable potential as entry-points for HIV prevention.

The leaders in provinces and districts are at the centre of these networks and communities. Without being overly ambitious this program has a responsibility to support provinces, and more particularly male and female provincial and district leaders to respond to the challenges posed by implementing HIV prevention. Provincial leadership and drive in the response gives it both local credibility as well as valuable 'insider' knowledge, essential in treading the sometimes thin line between respecting those local values which may be protective in terms of HIV, while challenging others which may enhance vulnerability to it. These are most effectively done from within communities themselves rather than imposed upon them by outsiders.

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<sup>7</sup> The design team acknowledges the work of the late Dr Carol Jenkins in the write-up of this section and the Tingim Liap # 2 Design Document.

#### 5.4.2 National HIV/AIDS Strategy 2011-2015

The new *National HIV/AIDS Strategy 2011-2015* (NHS) has a significant role for provinces in the response, including coordination, undertaking M&E, expanding surveillance and other interventions. The NHS has ten top priorities areas of which two under Priority 3 (Systems Strengthening) are directly relevant to this program, provinces and districts:

*“Significantly increase technical assistance and organisational capacity development at the sub-national levels for key organisations (Strategic Objectives 3.1.3 – 3.1.5)*

*A strengthened and function NACS and provincial AIDS Council Secretariats (PACS), with an initial emphasis on PACS in high prevalence provinces (3.1.1 – 3.1.2).”*

The effectiveness of the PNG HIV response is dependent in part on improving provincial capabilities. The local coordination of that program’s civil society and church service delivery partners in each province provides another avenue to improve effectiveness.

This design does not seek to increase the role of DPLGA in direct responsibility for addressing the HIV epidemic. The role of the National AIDS Council and its Secretariat is acknowledged. PLGP, with the provinces, NAC and its secretariat, will need to explore a number of options to see if the program can stimulate much improved prevention activities particularly in the high risk provinces. The approach to be selected is entirely GoPNG’s and the provinces. The design advocates that the program should have available to it, and its participants advisory advice, on bringing the government’s NHS policy on HIV matters to the sub-national level. This can

#### 5.5 Fraud and Corruption

The goal of Australia’s anti-corruption for development policy is: *To assist developing countries bring about a sustainable reduction in corrupt behaviour for the purpose of improving economic and social development.* Australia’s approach focuses on three mutually re-enforcing elements:

- Building constituencies for anti-corruption reform
- Reducing the opportunity for corruption
- Changing incentives for corrupt behaviour.

The 2007 policy document *Tackling corruption for growth and development*, AusAID, March 2007, delivers an analysis of corruption in the development context with suggestions for specific strategies and actions.

Fraud and corruption will be addressed at a number of levels in the program:

- Contractor responsible for and accountable for operation of the Trust Account mechanism and the management of funds. Apart from the specific trust account documentation, the contractor will prepare and implement an overall fraud control plan that addresses the processes to follow, to AusAID's satisfaction, is fraud that occurs with development budget funds.
- Each activity at in the program will have agreed financial procedures.

## 5.6 Sustainability

### 5.6.1 Definition of Sustainability

In the context of donor-funded development programs and projects, sustainability can be defined as: *the continuation of benefits after major assistance from a donor has been completed.*<sup>8</sup>

An important sustainability strategy for this program is not to change what has been done and which is working well in the current program unnecessarily. Across all the components the foundations are there. Differing approaches are needed depending on the activity. Two examples:

- NEFC is doing its job with much reduced advisory support. However, it would be foolish to assume that it could continue to produce the excellent annual provincial public expenditure analysis without external advisory assistance. A reduced level of support would (a) endanger the RIGFA reforms, and (b) remove an important GoPNG driver of change and improvement. Program support is likely to continue at current levels.
- In DPLGA PPII will change. It is now in all provinces. DPLGA needs assistance to make a capacity development program for provinces and LLGs, like PPII, department wide. Over five years the value of Australian resources may be the same or increase or decrease, but the positioning of them will change with DPLGA and GoPNG taking more funding and performance responsibility.

### 5.6.2 Ownership and alignment

This program will have the benefit of the strong local ownership to this direction of development particularly from DPLGA, the provinces, the ABG, NEFC and DPM.

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<sup>8</sup> AusAID. *Promoting Practical Sustainability*. Australian Agency for International Development (AusAID), Canberra, September 2000

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During the design phase the re-engagement with DNPM was encouraging as that department was an original partner of AusAID in PPII.

The program's approach to capacity development and sustainability is discussed in Chapter 3.4.

#### **5.6.4 Financial and institutional sustainability**

Aspects of financial and institutional sustainability have been achieved within the current program. Organisations have changed their structures and funded staff positions to meet the new service delivery agenda. The participating agencies are all core GoPNG public service entities with strong examples of increased sustainability in terms of performance from PPII and other SNS supported initiatives. There is no reason to believe that this progress will not continue. In fact, it can be anticipated that some of the weaker provinces will progress to higher levels of capacity lead by the examples of others and support from this program.