



Australian Government
AusAID

Papua New Guinea Development Cooperation Report 2010

November 2011



Context	3
Progress against objectives	4
Objective 1: Key national roads, ports and airports providing access to markets and services	4
Objective 2: Significant, measurable progress towards the achievement of universal basic education by 2015	5
Objective 3: Improved health outcomes	6
Objective 4: An efficient and effective public service	8
Public sector capacity development and performance	9
Budgeting and financial management for service delivery	9
Service delivery and the decentralised system of government	10
Objective 5: Development policy and program formulation based on sound statistics and performance reporting	10
Objective 6: (a) Stabilise spread of new HIV infections by 2020 and provide effective care and treatment of those infected and (b) Strengthened national capacity to lead, coordinate and implement the HIV response	11
Testing and treatment	11
Targeted prevention	12
Quality of, and Access to, Services	12
Behaviour change and condom use	12
Strengthening the national capacity to respond to the epidemic	12
Objective 7: Improved ability to provide law and justice services	13
Objective 8: Increased workforce skills	15
Objective 9: Men and women, civil society, and the state working together to meet communities' needs	16
Media for Development initiative	17
Electoral Support Program	17
Objective 10: Sustainable and secure improvements in food supply and incomes for smallholders	18
Objective 11: A conducive environment for enhanced private sector development	18
Objective 12: Addressing the causes and mitigating the impacts of climate change	19
Expenditure	19
Next steps	20



This report summarises Australia's aid program's progress in 2010 towards the objectives of the Papua New Guinea (PNG) program. Reports on the program's performance in previous years are available on the Australian Agency for International Development's (AusAID) website.

Context

The start of the liquefied natural gas (LNG) project and recovery of global commodity prices benefited PNG's resource rich economy in 2010. Gross domestic product growth was estimated at 7.1 per cent, marking almost a decade of uninterrupted expansion averaging 4.4 per cent. However, the boom in commodity prices and the positive trend in macroeconomic indicators did not result in a corresponding improvement in the delivery of public services in PNG. The economy remains dualistic, with much growth limited to the formal sectors, especially in urban areas where only 15 per cent of the population lives, and to enclave mining and petroleum projects.

Last year was characterised by a period of political instability, beginning with the Chief Ombudsman recovering from a near fatal shooting just before Christmas, and ending with the Prime Minister standing down to face a leadership tribunal and the Supreme Court ruling that the re-election of the country's Governor-General was invalid. The year also saw PNG ministers and the bureaucracy highly focused on the LNG project and, towards the end of the year, begin to be diverted by the 2012 election.

During 2010 the bureaucracy continued to move forward, including with some of its own positive reform agenda concerning the implementation of PNG's decentralised system of government. Overall, however, there is little evidence of improvement in the public service's ability to deliver basic services. At the political level there appears to be insufficient commitment to genuine public service reform and improvement, and a lack of engagement by senior politicians and bureaucrats continues to undermine gains in specific areas. PNG is significantly off-track in meeting its commitments against the Millennium Development Goals (MDGs), with social indicators among the worst in the Pacific region. In the United Nations Development Program's *Human Development Report 2010*, PNG is grouped among those countries with low human development, ranking 137 out of 169 countries.




PNG continues to face significant law and order problems. Crime and violence are features of everyday life, particularly in urban areas, where theft and sexual and other physical assaults are commonplace. Economic, social and health indicators clearly indicate that life for women continues to be characterised by disadvantage and discrimination.

Progress against objectives

Table 2: Ratings of the program's progress in 2010 towards the objectives

Objective	Rating in 2010	Relative to previous rating
1. Key national roads, ports and airports providing access to markets and services		
2. Significant, measurable progress towards the achievement of universal basic education by 2015		
3. Improved health outcomes		
4. An efficient and effective public service (national level)		
4. An efficient and effective public service (sub-national level)		
5. Development policy and program formulation based on sound statistics and performance reporting		
6a. Stabilise spread of new HIV infections by 2020 and provide effective care and treatment of those infected		
6b. Strengthened national capacity to lead, coordinate and implement the HIV response (government)		
6b. Strengthened national capacity to lead, coordinate and implement the HIV response (civil society)		
7. Improved ability to provide law and justice services		
8. Increased workforce skills		
9. Men and women, civil society, and the state working together to meet communities' needs		
10. Sustainable and secure improvements in food supply and incomes for smallholders		
11. A conducive environment for enhanced private sector development		
12. Addressing the causes and mitigating the impacts of climate change		

Note:

-  The objective will be fully achieved within the timeframe of the strategy.
-  The objective will be partly achieved within the timeframe of the strategy.
-  The objective is unlikely to be achieved within the timeframe of the strategy.

Objective 1: Key national roads, ports and airports providing access to markets and services

Australia's support is heavily focused on roads, and achievements in this sub-sector are considered to be the most critical. Under the Transport Sector Support Program Australia funded maintenance activities in 2010 on 2153 km of national roads, including the entire trunk road network in Bougainville. This contributed to the higher number of roads in good condition (national priority roads are assessed as good, average or poor condition). The percentage of national priority roads in good condition stands at 48 per cent in 2010 compared with 39 per cent in 2009. The percentage of roads in poor condition decreased from 21 per cent in 2009 to 11 per cent in 2010. This represents a substantial improvement in the condition of priority roads, and surpasses expected results. However, there are questions around the quality of the data in the report and the findings will be verified by an Australian Agency for International Development (AusAID)-funded visual road condition survey in 2011.



A socio-economic impact study of communities with access to priority roads maintained with Australian funding was undertaken in 2010 in 10 provinces. The study built on a 2008 baseline. Store-bought food prices were 10 per cent lower than in control villages that did not live close to roads maintained under Australia's program. This suggested that road maintenance (or proximity to a priority road) increased the spending power of villagers. Householders in eight of the provinces were taking more trips, and travel times were reduced, but the study was not clear on the impact this was having on access to services. It did, however, ascertain that the cost of a trip to a health centre had decreased in seven of the provinces. This effort highlights the challenge of making direct causal connections between investments in road maintenance and observable trends in social sectors.

Sixteen national airports were certified to international safety and security standards by 2010, up from 13 the previous year. This represents a solid improvement, although it falls short of the target of 17 certifications.

Ship turnaround times ran at 2.8 days, representing a modest improvement on the 3-day turnaround at project commencement, although overall cargo throughput increased by 14 per cent in 2010 (largely resulting from Lae Port). This positive result can be partially attributed to operational efficiencies gained through adviser support and is probably near the limit of productivity given the current asset base. Turnaround times are expected to improve once critical new crane installations (funded by the Government of Papua New Guinea [GoPNG]) are completed and operational at Port Moresby and Lae ports.

Australia supports safety and security in the PNG aviation and maritime sectors under the Australia – PNG Memorandum of Understanding on Transport, and through adviser inputs under the Strongim Gavman Program. Considerable energy was devoted to identifying gaps and needs in the aviation sector in 2010. Implementation of training programs, management systems and information collection and dissemination to support this process is underway. Through the memorandum of understanding, AusAID is also supporting the major upgrade of PNG's air traffic management system under the Asian Development Bank (ADB) loan program.

Objective 2: Significant, measurable progress towards the achievement of universal basic education by 2015

The Basic Education Development Program focused on construction of school infrastructure, distribution of primary school books and strengthening of school management. A total of 539 000 core primary level textbooks, selected by the Department of Education, were distributed to all 3500 primary and community schools across PNG. More than 328 475 core secondary-level textbooks were procured to distribute to all 204 secondary schools and seven national high schools in 2011. This is a key step towards bringing the necessary resources to schools, which have few up-to-date books. In addition, seven large science kits were procured for distribution in 2011 to the seven national high schools to help improve the PNG 'schools of excellence' and respond to the findings of the 2009 Garnaut-Namaliu Universities Review.

While international studies show a direct link between access to books and quality of learning, it is too early to judge the impact of this activity on learning outcomes. While the need remains great, the primary level textbooks supplied are likely to benefit all 300 600 students enrolled in grades 6, 7 and 8 across PNG. The secondary schools books, when delivered in 2011, will benefit the 110 000 children enrolled at those levels.



The provision of school infrastructure is an important contributor to school access. A total of 322 classrooms and 253 other school buildings, which had started construction in 2008 and/or 2009 but had not been completed in 2009, were completed. A total of 184 additional classrooms, 92 additional school offices and 85 additional teachers' houses that started construction in 2010 were completed. Although AusAID does not have enough disaggregated data to know if all infrastructure built with its funding is leading to more enrolments, the intention is that the 184 new classrooms built in 2010 would create 5520 new places for students. Nonetheless, some new classrooms may also be replacing existing, rundown classrooms. AusAID monitoring visits to PNG's provinces suggested that the infrastructure is generally leading to increased enrolments, yet a random selection of 12 schools where infrastructure was completed before 2010 shows mixed results, with some schools experiencing decreased enrolments. Many other factors are likely affecting enrolment rates, including the opening of new schools in the area, tribal fights or natural disasters. These factors are not reflected in GoPNG's education data.

The PNG Education Institute was launched, allowing the provision of a new residential teaching course to the first intake of 90 elementary teachers from around PNG. Self-instructional materials were provided to 372 elementary school teachers across the country. Teacher in-service training was provided to approximately 4000 teachers, slightly under 10 per cent of all teachers in PNG. By providing funding to teacher education activities and results, AusAID has contributed to the sector objective of improving the quality of teaching.

A total of K27.5 million was provided to elementary schools in PNG to complement GoPNG school grants, using GoPNG systems for grant allocation, distribution and acquittal. As a result, the Department of Education was able to make the first three years of basic education free, removing a significant barrier to accessing education, especially to those living in rural areas, and leading to increased admission, enrolment and retention. AusAID's field monitoring indicates that a number of elementary schools continue to charge some fees, at times called 'project fees', and further monitoring and awareness raising is needed.

A total of 119 provincial and district School Learning Improvement Plan workshops were facilitated, with 6454 participants attending to help improve school management. More than 7069 elementary and primary schools have operational plans, an increase of 18 per cent from 2009 and representing about 75 per cent of all elementary and primary schools. AusAID monitoring missions have highlighted, however, that some schools are not clear how to use the School Learning Improvement Plans, or provide unrealistic annual budget estimates. Nonetheless, the school access and retention rates have increased and it is believed that better school planning and management through the streamlined plan tool is partially responsible.

Objective 3: Improved health outcomes

Australia is the major donor to PNG's health sector. In 2010 it provided \$43 million, as well as investments through global funding to agencies active in PNG's health sector (Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), the GAVI Alliance (formerly the Global Alliance for Vaccines and Immunisation) United Nations agencies, the World Bank and the ADB).

In 2010 four areas demonstrated the key results of the health program:

1. Increased health spending on health minimum priority activities

All provinces (except Morobe) increased health spending of GoPNG resources in 2009, to an average 40 per cent of the actual costs required (up from 25 per cent in 2008). Some



therapies, promotion of new evidence-based treatment guidelines, and an indoor residual spraying program in the endemic areas of the Highlands. This complements Global Fund resources used to combat malaria.

Australian support to the Institute of Medical Research over 2007–10 has led to important results, including: malaria drug resistance results informing NDoH policy and revised treatment protocols; trials of improved malaria treatments for pregnant mothers and infants; maintenance of a world-class malaria vaccine testing facility in PNG; and vector biology results demonstrating unique PNG malaria management needs.

In 2010 Australia supported a rapid and effective response to an outbreak of cholera in Western Province. This quickly stabilised the situation on Daru Island and improved the condition of those living in the middle and lower Fly River regions. Australia provided \$1 million to support the provision and transportation of emergency response personnel and essential medical supplies to treat the sick; an emergency clean drinking water supply system for Daru Island; and community health promotion activities undertaken by the Red Cross.

In 2010 Australia continued to maintain an effective approach to advancing gender equality in the health sector. Important achievements include supporting:

- the NDoH to include gender-based violence initiatives and operational costs for Stop Violence Centres and Family Support Centres in annual activity plans and budgets in Western and Southern Highlands provinces
- a gender violence program officer in the family health unit of NDoH, which contributed to a national directive for health facilities to remove user fees
- post-rape care services provided through Family Support Centres (50 per cent of cases relate to domestic violence), including pregnancy testing, post-exposure prophylaxis, treatment for sexually transmitted infections (STI), and psychological counselling services.

Objective 4: An efficient and effective public service

In 2010 the program initiated a budget engagement strategy for the PNG 2011 National Budget, working with GoPNG to support allocation of funds towards partnership priority areas of health, education and transport. Based on consultations with PNG agencies, the program produced funding recommendations aligned to GoPNG sector strategies. The program engaged closely with PNG ministers and officials throughout the budget process to support strong allocation of funds towards the partnership priorities. A number of good funding outcomes targeted the partnership priorities and MDGs.

Australian support to the Auditor General's Office resulted in several audit reports tabled in Parliament and the development of performance auditing capacity across national and sub-national tiers of government. The Auditor General's Office is now up-to-date with its constitutional requirements and will undertake audits of 2010 performance in early 2011.

The aid program worked closely with the Australian Department of Foreign Affairs and Trade and the Department of Finance and Deregulation to help create PNG's sovereign wealth funds. Many important steps to establishing transparent and accountable funds have been progressed, including legislative steps, process mapping, technical advice and macroeconomic modelling to feed into legislative drafting in 2011.

However some areas have been less than successful. There is continued poor visibility on expenditure from GoPNG trust accounts, and further allocation of funds to trusts through the



2010 Supplementary Budget process. There has been little or no improvement in corruption indicators more broadly, despite achievements at the individual agency level. Due to a change of leadership at the PNG Institute of Public Administration, the expected increase in the number of public servants receiving training has not been achieved. This compounds the lack of capacity in the workforce resulting from an ageing public service together with the effects of attrition, with workers taking up opportunities elsewhere in an economy buoyed by the LNG project.

While Australian assistance may be helping to prevent a faster decline in PNG governance, transformative improvement is highly unlikely in the current environment.

Public sector capacity development and performance

The Australian Public Service Commission is supporting efforts to fill the skills gap—a major constraint to development acknowledged by GoPNG, donors and the private sector. Efforts are being directed to addressing workforce planning issues, particularly with replacing retiring public servants. Additionally, 779 public servants at national, provincial and district level undertook the new foundational training program in 2010 (down from 1228 in 2009), and 2860 new public servants undertook induction training (up from 1199 in 2009). Nineteen graduates completed the 2009 Graduate Program and were deployed across public sector agencies in 2010. Reports from agencies on previous graduates (2009) were positive.

Strongim Gavman Program support has assisted central agencies to tackle staffing issues, although lack of staff and weak staff discipline continue to pose a major constraint to effectiveness. Long-term staffing shortages and position vacancies in the Department of Finance were addressed during the second half of 2010 by filling more than 134 vacant positions in Waigani and 24 substantive positions in provincial offices. A compulsory retirement program was implemented, targeting 37 officers at retirement age. Program support has also contributed to staffing level improvements in the Structural Policy and Investment Division of Treasury; by June 2010, 16 of the 19 positions were filled, up from 14 at the start of 2010 and only 10 staff at the start of 2009.

Budgeting and financial management for service delivery

Australia supported the Budget Division of Treasury to shift the emphasis of the 2011 Budget papers from inputs to outcomes by creating visible linkages between recurrent funding and service delivery, supporting PNG's new Medium Term Development Plan. This helped stakeholders to understand the importance of funding the recurrent budget appropriately, and allowed some key recurrent budget initiatives to be supported. As a result the 2011 Budget saw some real improvements in allocations. Enhanced recurrent funding for education will fund an additional 4000 teachers to be deployed in provinces. Similarly, the increased allocation to law and order will enable an additional 630 police to be put on duty. Increased funding for the education subsidy also triggered an AusAID performance payment.

The first phase of the project to improve the GOPNG's accounting system was delivered to the Department of Finance in April 2010, providing a modern and improved operating platform for financial management across government. The system now provides enhanced receipting and transaction capabilities and more flexible reporting provides better management tools for increased efficiency. The system also has also strengthened system backup and user security.

The Auditor General's Office has cleared the 2007 and 2008 audit backlog and will complete 2009 and 2010 audits on time. Staff can now complete a quality audit more efficiently—in 2007 the Auditor General's Office required 30 staff days to audit provincial financial statements but in 2009 a more thorough financial audit required only 20 staff days.



The Department of Finance's Provincial and District Finance Management Division started monitoring execution of the 2010 budget through monthly expenditure reports consolidated from provincial and district treasurer levels. This has resulted in better budget execution and responsiveness to emerging issues.

Service delivery and the decentralised system of government

There have been a range of positive developments in the operation of the decentralised system and capacity of some provincial administrations during 2010, often achieved through a combination of local leadership and Australian support. The national government has continued with the implementation of the new intergovernmental financing arrangements legislated in 2009 and, for a second year, has increased payments for service delivery to under-resourced provinces.

Evidence from the NEFC suggests that in many under-resourced provinces, additional funds are being better allocated towards the service sectors, particularly health, education, infrastructure and agriculture. The role of Department of Planning and Local Government Areas and NEFC in supporting provinces and providing public analysis of expenditure through annual provincial expenditure reviews is becoming entrenched. This is providing an incentive for increasing provincial expenditure on service delivery and improving the monitoring of service delivery outputs.

Australia supports the Provincial Performance Improvement Initiative (PPII), an incentive-based program providing funds to better performing provinces. Under this initiative, a number of provinces have increased their ability to respond to their service delivery mandate.

For 2011 all 'phase two' provinces under PPII submitted their budgets on time and in accordance with Treasury requirements. This facilitates an expedited release of funds to provinces, which are increasingly spending on service delivery priorities. Through PPII, provinces like East New Britain have used NEFC-produced costing information to improve allocations to health facilities and remote districts.

In East New Britain and Sandaun, restructuring of provincial administrations is facilitating a renewal of staff, an improved work ethic and location of more service delivery staff in remote areas. East New Britain has been supported to implement a promising system of direct funding to health facilities; visits to select facilities has seen them privately buy more drugs and perform more health patrols than in the past.

The aid program supports improved performance in provinces or regions of national interest to both governments, in particular, Bougainville. Australian support included funding for electricity as well as staff housing and offices for education and health divisions in remote areas; assisting Bougainville to engage constructively with GoPNG through the Joint Supervisory Board; assisting the Bougainville administration to recruit 149 positions to address critical staff shortages; and advisory support to prepare for the direct funding of health facilities.

Objective 5: Development policy and program formulation based on sound statistics and performance reporting

In 2010 Australia provided funding, technical assistance and procurement advice to deliver the Household Income and Expenditure Survey (HIES); to assist GoPNG to undertake the 2011 National Population Census and to improve the collection, analysis and use of data in policy formulation through the design of a National Statistical Development Strategy.



Steady progress was made in several areas under this initiative. Even with numerous delays, inconsistent GoPNG funding, and hold-ups in payments from the Department of Finance, the final month of data collection for the HIES was conducted in December 2010. The National Statistical Office has noted that without AusAID support, it is unlikely that the HIES would have been completed. This data will now be used by GoPNG (with donor support) to analyse the poverty situation in PNG, rebase the Consumer Price Index and input into the national accounts. In a rapidly changing national environment, these timely social and economic statistics will ensure the best quality information is available to decision makers.

The HIES has included a focus on gender equality at all stages of the project. The survey has been designed to include collection of data on violence against women and children in the home and to allow greater sex disaggregation of data. The approach taken in the HIES demonstrates good practice in collection of disaggregated data, gender-targeted questions and training of enumerators that should be used in other surveys. These efforts will allow for changes to be made to the way programs are designed and implemented to ensure that benefits are delivered to women and girls in addressing poverty as well as social and economic barriers facing women.

Targeted Australian support to the National Statistical Office has assisted with key phases of the 2011 National Census. However despite this support and a legislative and political imperative to complete the Census by 2011, the Census project is weakly managed and off-track. The Census has already been delayed from 2010 to 2011 due to unrealistic timelines and limited capacity within the National Statistical Office to manage such a project. The PNG Central Agency Coordinating Committee is attempting to exert control over the project through initiating a financial audit of spending, a new staffing structure and the appointment of a fund manager; however work on these matters remains slow, especially given the time constraints.

Objective 6: (a) Stabilise spread of new HIV infections by 2020 and provide effective care and treatment of those infected and (b) Strengthened national capacity to lead, coordinate and implement the HIV response

The PNG – Australia HIV and AIDS Program is a flexible multi-year program designed to support the national HIV response and the National HIV and AIDS Strategic Plan 2006–10 in PNG. In the HIV sector, improvements have been made in reporting, service provision and access to testing and antiretroviral treatment. By the end of 2010, 7555 adults and children were on antiretroviral compared with 6751 people in 2009. Services providing antiretroviral therapy increased to 61 sites in 2010, up from 55 in 2009. Other sources show increases in access to testing and treatment services by sex workers and men who have sex with men in Port Moresby (66 per cent in 2010 compared to below 50 per cent in 2007). This includes ongoing access to antiretroviral therapy which reduces the likelihood of transmitting HIV to sex partners.

Australia's contribution is quantifiable in some key result areas:

Testing and treatment

The Catholic Health Service and other civil society partners now operate 111 HIV testing sites (42 per cent) out of the national total of 266, and were responsible for testing 75 327 people in 2010. This represents 56 per cent of the national total of 13 798 people tested, up from the national total of 123 000 in 2009. Twenty-three per cent of facilities providing antiretroviral treatment were run by AusAID's partner non-government organisations. The National



Catholic AIDS Office, funded by AusAID, was directly responsible for providing treatment to 23 per cent of eligible people (or 1774 people) in 2010. In supporting non-government organisations to deliver these services, AusAID provided funds for building or refurbishing 19 new testing and treatment centres for HIV and STIs, for staff training and administration, for prevention, treatment and care activities, and for monitoring.

Targeted prevention

Australia funds Save the Children's Poro Sapot Program to deliver services to marginalised populations most at risk of HIV in Port Moresby, Lae and Goroka. This has resulted in steady improvements in the numbers of most at risk populations accessing services. A recent independent survey from Port Moresby reports the percentage of female sex workers using condoms at last sex with a client at 37 per cent and accessing health care services at 66 per cent in 2010. Importantly, 94 per cent of those who tested HIV positive were on antiretroviral treatment, making them much less likely to transmit HIV, even without a condom. In comparison, a 2007 evaluation of Poro Sapot showed below 50 per cent of female sex workers had accessed a STI or HIV service in the last 12 months.

Quality of, and Access to, Services

Clinton Foundation's Health Access Initiative helped increase the number of children on treatment and improved their follow up through training and strengthening case management systems. For example, coordinated efforts between Well Baby Centre and Heduru Clinic in Port Moresby General Hospital have placed more than 140 children on treatment since February 2010 and reduced those lost to follow up to 7.4 per cent. Their work to build district-level health service capacity resulted in 44 per cent of all eligible adults (616 people) in Eastern Highlands Province being treated for HIV. Similarly, some partners from the PNG – Australia Sexual Health Improvement Programme work closely with provincial health divisions: in Eastern Highlands the Lusa Numini Project delivers STI services through government clinics and the government has committed to begin funding the extra staff positions after 2012. Client numbers have grown by 170 per cent since 2008, from 2773 to 7475 in 2010.

Behaviour change and condom use

While access to, and uptake of, condoms is a critical component in HIV prevention programs, poor results to date will necessitate further investigation and innovative approaches. Despite the distribution of 17.9 million condoms by the National AIDS Council Secretariat (NACS) and Provincial AIDS Councils in 2010, up from 8 million in 2007, condom use continues to be low; only 17 per cent of plantation workers in a recent study reported using a condom at their last commercial sex transaction.

Strengthening the national capacity to respond to the epidemic

This has been a less successful area for the PNG – Australia HIV and AIDS Programme. NACS, where much capacity building assistance has been directed, continues to be characterised by poor performance. Despite management issues, NACS have achieved some results in advocacy, policy development and research coordination, with support from their National AIDS Council and the Australian aid program. NACS successfully lobbied the Government for increased funding to the Secretariat and for HIV prevention, including from recurrent funding. However, coordination with the Department of Health at national and provincial levels and with provincial administrations has been weak.

The Global Fund has been another major contributor to the PNG response. The Round Four grant, which was instrumental in scaling up HIV treatment and testing, ended in September 2010. The Round Ten proposal, for US\$49.8 million over five years, was approved in



November 2010 and will come on line in 2012. The assistance from the Global Fund has been undermined by the poor financial management systems at the Department of Health, which is no longer principal recipient for all grants because of ongoing concerns from Global Fund about its performance.

HIV in PNG is driven by gender inequalities and exacerbated by social and economic factors. Violence against women in PNG is severe and is an important factor in HIV transmission, as sexual assault greatly increases the chance of transmission. Antiretroviral treatments can be given to prevent HIV in the first 72 hours after an assault (post-exposure prophylaxis), however, this is not common practice in PNG and is an area that warrants more attention.

Violence is also a potential unintended consequence of a woman's diagnosis or treatment which needs to be addressed in all HIV services. Reducing domestic violence as a result of women testing positive at antenatal services has been addressed by the Clinton Health Access Initiative and Catholic Health Services. The Clinton Health Access Initiative has achieved increases in the numbers of couples counselled and increased rates of follow up. In the Eastern Highlands Rural Initiative, of 54 positive mothers in 2010, half came back with their husbands for testing and care, and 20 negative couples have come for the new 'Staying Negative Couples Counseling' at the Goroka General Hospital Family Clinic. At Port Moresby General Hospital, 134 parents registered for treatment in first 10 months of 2010, 20 of whom were fathers. These results also attest to reductions in community stigma.

The Catholic Health Services also support men's involvement in health, to make sure women are not at risk of violence as a result of testing or treatment—for instance, the National Catholic AIDS Office of PNG set up a men's health clinic in Mingende in 2010. It was attended by 455 men in eight months, with around a third opting for an HIV or STI test and 23 men bringing wives for testing. The model will be extended to other sites.

Objective 7: Improved ability to provide law and justice services

The strategic objective of Australia's assistance to the law and justice sector is to support PNG to achieve significant, measurable progress towards achieving 'a just and safe society for all in PNG'.

In 2010 key national and district courts were built or refurbished, including completion of the Bomana, Kerevat and Kainantu court house construction, Daru court house refurbishment, and plans completed for Kavieng and Alotau court complexes. Improved infrastructure has resulted in extended and improved court services, allowing courts to process cases more efficiently and reduce backlogs. Working directly with magistrates, Australian-funded advisers are increasing the professional standards of the magistracy, particularly in judgment writing and judicial leadership. In the second half of 2010 the Magisterial Services Librarian received twice the number of judgments received in 2009. Courts have improved data collection, vital for decisions on resourcing, access to justice and improving service delivery. These improvements are increasing the capability and professionalism of the magistrates and the administrative staff to deliver judicial services according to sound practice.

Anti-corruption reforms have generally strengthened responses to fraud and corruption within law and justice sector agencies. Training for National Anti-Corruption Alliance investigators resulted in a five-year high in the number of arrests (29 in 2010 up from 16 in 2009). Australia supported systems improvement with a continued reduction in fraud across all agencies. Support for audit and reform of pensions in Correctional Services and the Royal PNG



Constabulary (RPNGC) achieved significant savings for the recurrent budget (K2.8 million projected for RPNGC in 2011).

The twinning program between the PNG Ombudsman Commission and the Commonwealth Ombudsman continues to promote improved practices in investigating public complaints, administrative practices of government bodies, and breaches of the leadership code. Changes in work practices have improved investigation completion rates: 35 per cent of cases outstanding at the beginning of 2010 are now well progressed and 6 per cent are near completion or complete. The referral of the Prime Minister to the Public Prosecutor for breach of the Leadership Code is a significant example of increased effectiveness and commitment.

The PNG – Australia Policing Partnership has supported rehabilitation and modernisation of seven provincial police watch houses and cells to comply with international standards on human rights. Further work is required on 184 police stations and watch houses.

Establishing a Proceeds of Crime Unit within the Office of the Public Prosecutor and strengthening the RPNGC's Financial Intelligence Unit has seen the first seizures under the Proceeds of Crime Act. The Proceeds of Crime Unit already has cases targeting more than K20 million, has recovered K1.2 million and restrained more than K5 million of property. These achievements can be directly attributed to the support provided to RPNGC's Financial Intelligence Unit through the PNG – Australia Policing Partnership, and the Strongim Gavman Program's activities in the Office of the Public Prosecutor.

Australia funded major capital works programs to improve corrections infrastructure, including seven new staff houses at Lae prison. Providing staff housing addresses a major impediment to deploying, retaining and motivating staff in correctional facilities, and therefore improves effective functioning of prisons and public safety more broadly.

Tribal fights in Eastern Highlands Province continue to decline with support from the District Peace Management Teams. Of the 94 tribal fights recorded in the province since 2007, 48 have been resolved with peace agreements accompanied by supporting development activities, and 46 are negotiating peace agreements.

Support for the high-profile Yumi Lukautim Mosbi program in Port Moresby is helping youths to find employment and other alternatives to crime, and bringing law and justice agencies together with the local government, businesses and communities to address law and order concerns. In 2010, 800 participants graduated from skills development courses and 550 young people completed permanent on-the-job placements in more than 50 businesses.

Law and justice service delivery on Bougainville has improved and extended. Recent housing projects have enticed a well-respected Assistant Police Commissioner and lawyers from the Public Solicitor's Office to Buka. A temporary court house was also built in south Bougainville (Buin), enabling the district magistrate to conduct circuits. Three Community Justice Centres have strengthened informal justice systems and 960 new village court uniforms have increased the standing of the magistrates, clerks and peace officers. Three police station upgrades, a quartermaster (supply) store and training centre are increasing the ability of the Bougainville Police Service to function across Bougainville. Stage one of the correctional facility on Buka Island is complete, providing humane conditions for up to 40 low-risk prisoners and remandees, and alleviating the burden on police holding facilities. Major work has been completed on a professional resource book to support good judgements in the courts. Plans are underway to extend policing and judicial services to the Central and Southern regions as a result of improved security.



Progress towards gender equality, equal participation in decision-making processes, equal rights within the justice system and equal access to justice services continues across the sector.

Specific contributions include:

- Supporting an increase in the number of female magistrates in the Village Courts system from 40 in 2007 to 500 by the end of 2010, giving women a greater voice in decision making, and helping break down male dominance of the judicial system and customs that assert male control over women.
- Improving policing services to victims of family and sexual violence.
- RPNGC responding to more than 1050 family and sexual violence complaints (up from 384 in 2009) indicating increased RPNGC capacity to respond.
- Interim Protection Orders (introduced in 2009) operating well through the District Courts, providing immediate protection from physical or sexual violence, and threats or actual damage to property.

Objective 8: Increased workforce skills

A review of PNG's universities was finalised in May 2010, however findings have yet to be endorsed by GoPNG. In the interim, volunteers were provided through a University of PNG pilot collaboration, making a modest but important contribution to academic capacity building. A needs analysis for the TAFE-delivered Vocational Education and Training sector started in late 2010 and will be finalised in mid-2011. It will inform future AusAID and GoPNG programs and serve as a baseline to measure progress.

In 2010, Australia awarded 130 Australian Development Scholarships and 143 graduates returned to PNG. In addition, Australian Leadership Awards Scholarships (Masters and PhD level) were awarded to 10 potential leaders, and nine of these graduates returned in 2010. Five Papua New Guineans were provided Australian Leadership Award Fellowships for short-term professional development opportunities in Australia.

Since the establishment of the Australia Pacific Technical College in June 2007, 735 Papua New Guineans have graduated from the college (462 of these were from the Automotive, Construction, Electrical and Manufacturing School, 270 were from the School of Tourism and Hospitality and 3 were from the Health and Community Services School). In 2010 there were 129 PNG students on scholarships, and 327 enrolled students (including scholarships, self-sponsored and industry-sponsored).

The now redesigned scholarships program targets gender parity. In 2010, of 124 Australian Development Scholarship awardees, 61 (49 per cent) were female, and of 11 Australian Leadership Awards-Scholarship awardees, 7 (64 per cent) were female. In the 2010 selection process, 50 per cent of the 2011 scholarships were awarded to women, though they represented only 39 per cent of total applications. Strategies to address stresses faced by PNG women awardees were also introduced in 2010. This includes pre-departure training for women on managing personal finances, and training for awardees and their spouse on likely pressures they will face when living in Australia. When in Australia, it also includes case managers for awardees, with a specific mandate to support women, including though the resolution of personal and domestic issues. Lastly, women receive targeted support for reintegration into the PNG workforce, including support provided through the PNG – Australia Alumni association.



Objective 9: Men and women, civil society, and the state working together to meet communities' needs

In 2010 the program supported GoPNG in stronger citizen-government engagement. Australia contributed to strengthening civil society, promoting good governance and addressing small-scale immediate development needs in communities.

Evaluations of projects indicate they directly and indirectly benefited thousands of people living in communities around PNG over their life. Projects resulted in new and strengthened networks, partnerships, stronger leaders and improved internal governance of citizen groups. For example, new committees created formal decision-making positions for women, and linked citizens to local level government.

Australian programs contributed to improved access to elementary education, with increased enrolment and class participation achieved for children in participating villages.

In Sandaun province, installation of media infrastructure, and provision of software and staff training, resulted in radio coverage increasing from 25 per cent to 95 per cent for neighbouring sub-districts and provinces.

AusAID supported CARE Australia to trial their Integrated Community Development Program in some very remote and impoverished districts. The program targets a population of up to 150 000, located in extremely challenging geographical environments that are conflict affected and, as a result, have no service delivery of any kind. To date, CARE Australia has:

- supported food protection through crop diversification in anticipation of a drought in 2012, establishment of aquaculture (fish farms to provide protein) and improvement to coffee yields and on-selling
- delivered training programs in adult literacy, community health and hygiene, and law and order
- supported the training of Ward Councillors in profiling their communities and constructing participatory ward development plans which will feed into local level government and district planning with the intention for funding to flow from GoPNG budget allocations in 2012
- trained village birth attendants to support women during and after pregnancy
- strengthened organisational capacity of local partners, such as 'Touch the Untouchables' organisation working on improving maternal and child health
- established ongoing distribution of a fortnightly tok pisin newspaper *Wantok* to increase people's access to information.

Christian churches are an integral part of PNG life with established structures and networks, and moral and religious authority across cities, villages and remote parts of the country. The program leverages the experience and reach of churches to improve service provision, strengthen churches' institutional capacity to deliver development outcomes and enhance the churches' engagement in public sector governance. Mentoring and technical support to churches is provided through Australian faith-based non-government organisation partners. The 2010 Office of Development Effectiveness case study report concluded that Church Partnership Program is contributing to the quality and coverage of essential services delivered by churches. The case study found the program was effective and facilitated partnerships between and within participating churches. In doing so it has improved the management capacity of those churches, leading to development outcomes such as improved health



facilities, increased HIV/AIDS awareness, resolution of community conflicts, effective emergency response and improved rural livelihoods. For example, the case study found that:

- the program is contributing to income generation and skills development in communities
- program funds are, in some disadvantaged areas, being used to provide the only health and education services available to people
- churches are collaborating more, which is creating communities of practice for development and leading to more PNG churches using best practice development
- churches are working together, which has led to more strategic approaches in the delivery of health and education services to communities.

Media for Development initiative

A strong and functioning media serves as a voice for civil society, informing the public, building demand for better governance and contributing to accountability. The Media for Development initiative managed a significant infrastructure program to develop PNG's first satellite distribution system to enhance broadcasting to remote, rural communities.

The February 2010 independent evaluation of the Media for Development Initiative Phase 2 found considerable positive change has occurred in the National Broadcasting Commission's broadcasting voice, reach and content. Rural people can now express their views on air, programming is providing informative programs on development issues and talkback radio is encouraging two-way interaction between broadcaster and audience. As a result of better National Broadcasting Commission program delivery, people in remote rural areas had greater access to information which has the potential to enhance citizen participation in governance. A 2009 audience survey noted that signal quality and consistency is improving, the new infrastructure creates better sound quality and improvements have been made to presentation quality.

Electoral Support Program

An independent evaluation in February 2010 of the Electoral Support Program funded by Australia found it has:

- made a significant contribution to supporting improved awareness and understanding of voters and the community of the electoral system
- achieved tangible results, in particular organisational capacity, transparency, human resource management and the confidence of the PNG Electoral Commission in relation to its central election responsibilities, but also its wider relationship with society
- led to the Electoral Commission having an improved capacity to plan, train, meet logistic demands and deliver a well-prepared election service to voters.

Electoral Commission leaders are showing real signs of professionalism and independence which marks a credible election body. The Commission has adopted increased openness to, and involvement with, civil society organisations.



Objective 10: Sustainable and secure improvements in food supply and incomes for smallholders

The focus of Australia's agricultural program in PNG is support for institutional strengthening and targeted research through key research and commodity organisations to improve these organisations' service delivery functions.

One of the key initiatives providing support in the sector is the Agricultural Research and Development Support Facility. This key initiative is to enable selected national agricultural research and development organisations to deliver improved services to their rural stakeholders. The second key initiative is delivered through the Australian Centre for International Agricultural Research. The partnership between the centre and AusAID aims to secure improvements in food supply and rural incomes for smallholders through increased productivity and enhanced access to markets and services, focusing on major industries such as sweet potato, vegetables, coffee, oil palm, cocoa, forestry, agroforestry and aquaculture.

Projects which have achieved key results:

- The pyrethrum project in Enga province supported cooperatives to improve production, marketing and transportation of the cash crop to the processing plant. During the 2009 season, the quantity of production increased by 36 per cent compared to 2008. The number of smallholder families growing pyrethrum increased from 2000 in 2009 to more than 7000 in 2010.
- The mobile market information service provides market information to more than 300 farmers about price, quality and supply of produce to eight urban markets. Initial indications show an increased volume of vegetable transactions. For example in the Western Highlands, the South Wagi Organic Fresh Produce Women's Organisation increased supply to retailers by 100 per cent since the project started.
- Village broiler (chicken) feeding trials using local ingredients (sweet potato and cassava) to supplement concentrates, reducing the cost of feeding. Performance has been excellent, and information about the new technologies is being disseminated to other communities.

Objective 11: A conducive environment for enhanced private sector development

AusAID is supporting reform of the business regulatory environment, the state-owned enterprise sector and the financial sector. Australia co-finances the ADB's Private Sector Development Initiative, whose support to the Independent Consumer and Competition Commission was crucial in establishing the parameters for private sector entry into PNG's mobile telecommunications sector. This support led to a major expansion in service and reduction in calling costs, which has contributed to the dramatic growth in mobile coverage.

Improving people's access to financial services supports enterprise development, increases economic activity and ultimately helps reduce poverty. AusAID assistance includes co-financing the ADB's PNG Microfinance and Employment Project, which provides training and support to microfinance institutions. The project has reached around 140 000 borrowers and 340 000 savers. AusAID recognises that economic growth is essential for reducing poverty and realising the MDGs, and that effective land administration and land management are key drivers of economic growth and social development. However, any intervention seeking to address customary land issues is sensitive and difficult.

The support provided since 2005, though small, has contributed to helping GoPNG build a program for land reform. Developments include endorsing the GoPNG National Land Development Program, finalising a five-year implementation plan, finalising a National Urbanisation Plan and establishing the Land Courts Division to oversee and fast track all land dispute cases.

Australia's support to PNG on land issues will not continue in 2011, in line with the recommendations of the joint Australia-PNG Development Cooperation Treaty Review.

Objective 12: Addressing the causes and mitigating the impacts of climate change

Under the International Forest Carbon Initiative, PNG and Australia announced a long-term partnership to the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD) in March 2008. The PNG-Australia Forest Carbon Partnership is supporting PNG in strategic policy discussions on REDD, to develop its own national carbon accounting system and to develop incentive-based REDD activities.

This has not translated into tangible results, with projects still in development or draft. Support provided through the International Forest Carbon Initiative to non-government organisations in PNG has produced valuable analytical work. This work has directly contributed to GoPNG understanding of REDD issues and development of PNG's REDD program. Despite consistent positive messages from within GoPNG on offers of Australian support, progress on mobilising this initial assistance has been slow. Inroads have been made and relationships through Australian engagement is growing.

To date, Australia's assistance has been effective in: increasing the capacity of GoPNG institutions to articulate and develop their REDD strategy; articulating requirements for a national carbon monitoring and accounting system; and engaging in international discussions on REDD.

Expenditure

Table 1: Estimated expenditure in 2010–11 as at

Objective	A\$ million	per cent of bilateral program
Key national roads, ports and airports providing access to markets and services	58.6	15.5
Significant, measurable progress towards the achievement of universal basic education by 2015	40.6	10.8
Improved health outcomes	42.9	11.4
An efficient and effective public service	69.7	18.5
Development policy and program formulation based on sound statistics and performance reporting	1.2	0.3
(a) Stabilise spread of new HIV infections by 2020 and provide effective care and treatment of those infected	33.7	8.9
(b) Strengthened national capacity to lead, coordinate and implement the HIV response		
Improved ability to provide law and justice services	33.4	8.8



	Objective	A\$ million	per cent of bilateral program
Men and women, civil society, and the state working together to meet communities' needs		26.9	7.1
Sustainable and secure improvements in food supply and incomes for smallholders		11	2.9

Next steps

The following five priorities will be implemented in 2011:

- 1. Australia will continue to strategically reposition our aid program to PNG to focus on a few key areas, deliver better results and implement the program in a coherent manner.** Responding to the Development Cooperation Treaty Report recommendations, the PNG program is repositioning itself to focus on improved service delivery in education and health, including HIV/AIDS. The program will engage selectively in the law and justice sector and maintain support for transport infrastructure. Initiatives falling outside these sectors, such as support to land and aspects of agriculture, will be phased out or repositioned to contribute more directly to improved outcomes in health and education service delivery. This will bring a new coherence to the program, enabling us to monitor results in a few key sectors.
- 2. The program will manage the risks and impacts associated with the PNG national elections in 2012.** A major challenge will be to continue to engage and deliver programs in the lead-up to the national elections, predicted to be among PNG's most challenging. The program is analysing the risks associated with the elections and is developing an integrated response to addressing these.
- 3. The enabling programs that include gender, the sub-national program, economic and public sector, the Strongim Gavman Program and Strongim Pipol Strongim Nesen will continue to improve their linkages to other AusAID sector programs.** All enabling programs will be redefined to ensure they are best placed to support service delivery outcomes in the four priority sectors. Gender equality will be at the centre of the program, with a strong focus on the economic and social benefits of participation for all.
- 4. The program will continue to implement the findings of the Joint Review of Technical Adviser Positions,** including reducing the number of advisers by one third by mid 2012. The reductions will occur mainly in the areas of rural development, education, and health and HIV/AIDs, reflecting a move to rebalance funding from advisory support to direct service delivery.
- 5. The program will adopt a much more effective and innovative approach to performance and contract management,** with the ability to demonstrate the results we have achieved clearly. The PNG senior management team will meet regularly to manage program finances, human resources, performance and quality, and other key corporate responsibilities more proactively. We will undertake a performance audit and improve our approaches to monitoring. The program will continue its work to strengthen capacity to manage for results. In particular, it will manage for the achievement of results set out in the Australian 2011–12 Budget.