Investment Concept Title: ENABLE (Enhanced National Advice, Bilateral partnership, and Learning and Evidence)
Start date: July 2027 **End date**: June 2037 (5 years plus option of up to 5-year extension)
Total proposed DFAT funding: Up to AU $85,000,000: $35,000,000 for Years 1-5; $50,000,000 for Years 6-10
Initial Risk: High **Value:** High
Proposed design pathway: Standard

A. Development Context (What is the problem?)

Papua New Guinea (PNG) – Australia's nearest neighbour and with whom we have the largest ODA-funded partnership – faces significant development challenges. PNG ranks 160 out of 193 countries against the Human Development Index[1] and approximately 50 per cent of the population lives below the lower-middle income poverty line[2]. PNG ranks 156 out of 172 countries on the Gender Inequality Index[3] and is assessed as the least safe country globally for women, children, people with disability, and the LGBTQIA+ community. It has been estimated that 98 per cent of the approximately 1.5 million people with a disability in PNG have no access to support services[4]. Almost 85 per cent of the rapidly growing population lives in rural areas, presenting significant challenges for service delivery[5].

Improvements in life expectancy and child mortality have been slower than for PNG's economic and regional peers and the country continues to face pressing health challenges. PNG has the lowest universal health coverage (UHC) service index in the region and the third lowest in the world. While there have been improvements in maternal mortality, the estimated 189 maternal deaths per 100,000 live births in 2023[6], remains the highest rate in the region and far above the Sustainable Development Goals target. Under-five mortality also remains the highest rate in the region[7] and is declining at a slower pace than other lower-middle income countries. The burden of infectious disease (including multi-drug-resistant tuberculosis, and a declared 'HIV emergency'), non-communicable diseases (NCDs) and injuries, continue to grow, posing a significant challenge to the health systems. Current and projected climate change hazards will impact negatively on disease trends and pose extra challenges for the fragile health system as it must also respond to both slow-onset climate stressors and acute climate shocks. This includes floods, storms, and sea-level rise, which all disrupt service continuity and damage health facilities and other critical infrastructure.

Underpinning PNG's poor health outcomes and service delivery performance is a weak health system. The health sector is highly fragmented, with significant capacity and resourcing constraints in the National Department of Health (NDoH), 22 underfunded Provincial Health Authorities (PHAs), and church-run health facilities that account for nearly half of all services outside of urban areas. The health system lacks the necessary funding and workforce required to deliver basic health services and is not making the most effective, efficient, or equitable use of the workforce and funding it does have. Essential medicines and equipment are routinely unavailable and health infrastructure works are not keeping pace with rates of deterioration. Public financial management (PFM) capacity is low, impacting funding flows, planning, budgeting, and service continuity. As a result, PNG Government and donor funding for health has not translated into expected levels of service coverage (see *Annex 1* for further detail system challenges and health indicators). The development problem is not only the growing gap between increasing health needs and the health system's ability to deliver integrated, equitable primary health care (PHC), but also of **weak national stewardship, workforce governance, partner coordination, and institutional capacity limitations**. This requires national enabling functions that support subnational delivery, coordinated partnerships, stronger use of evidence, and deliberate action to support service delivery.

Lessons from Australia's past investments (see *Annex 2*) and wider partner experience show that service delivery support alone is not sufficient in addressing these challenges. **Progress requires national enabling**

[1] United Nations, *Human Development Index*, updated 6 May 2025, accessed 24 November 2025
[2] United Nations, *Sustainable Development Report 2025 Financing Sustainable Development to 2030 and Mid-Century*, 2025, accessed 24 November 2025
[3] United Nations, *Human Development Index*, updated 6 May 2025, accessed 24 November 2025
[4] Department of Prime Minister and National Executive Council, 'Prime Minister Marape Hails Passage of Historic Disability Services Bill as a 50th Anniversary Gift to Over 1.5 million Papua New Guineans' (press release), 31 July 2025, accessed 26 November 2025.
[5] World Bank, *Papua New Guinea Economic Update Macroeconomic Stability and Growth: Unlocking the Potential of Agriculture,* June 2025, accessed 24 November 2025; United Nations, *Country Analysis,* 2024, accessed 8 December 2025.
[6] World Bank, *World Bank Open Data* [data set], data.worldbank.org, accessed 26 November 2025.
[7] World Bank, *World Bank Open Data* [data set], data.worldbank.org, accessed 26 November 2025.

functions that support subnational delivery, coordinated partnerships, stronger use of evidence and deliberate action on gender equality, disability inclusion and selected social inclusion issues.

This investment (ENABLE) seeks to support the delivery of the *PNG–Australia Health Partnership Strategy 2024–2034* (HPS), specifically to strengthen selected national systems and functions, in response to bottlenecks or issues identified through other HPS investments. ENABLE will focus on supporting selected national systems and advisory functions, strategic partnerships with Australian and other institutions, and Learning and Insights that support integrated PHC and Australia's broader PNG health portfolio. The Learning and Insights function will strengthen evidence-informed decision-making, adaptation and performance across the entire HPS. Evidence will directly inform technical assistance deployment, partnership engagement and policy dialogue.

B. Strategic Intent and Rationale (Why should Australia invest?)

A healthy population is essential for economic growth, reducing inequality and stability. A strong system catering for the needs of children and young adults entering reproductive years is required for PNG to make use of its wealth and human capital and recognise the potential economic dividend of its predominantly young population. Enabling functioning PHC represents a cost-effective, foundational investment in PNG's human capital and economic growth, with strengthened national systems underpinning effective services.

Access to quality and affordable health care is a shared strategic priority, including in PNG's *Medium Term Development Plan IV 2023 – 2027 (MTDP).* PNG's *National Health Plan 2021-2030* (NHP) charts a comprehensive approach to deliver its vision of people-centred health care. The *PNG-Australia Development Partnership Plan 2024-2029* (DPP) commits to working together to strengthen health systems and deliver high-quality health services to contain disease outbreaks. ENABLE will deliver directly on Objective 3 of the DPP: Investing in People and Building Resilient Communities. By enabling national systems for integrated PHC, ENABLE supports the DPP's focus on more resilient communities, improved access to PHC services and stronger PNG systems. See *Annex 3* for more detail on the strategic context.

The rationale for investing in ENABLE is that Australia's Health investments in PNG (under the HPS) **will be more effective if national policy, financing, evidence and partnership functions are better aligned**. ENABLE will respond to bottlenecks and opportunities identified through these other investments, while supporting areas where Australia has a comparative advantage and long-term institutional relationships. Additionally, through ENABLE's strategic partnerships, DFAT will foster durable, long-term relationships between partners such as Australian public agencies, educational institutions, delivery agencies, and their international counterparts. This will not only **build the capacity of PNG partners and institutions** to independently address health sector challenges and strengthen governance; it will also **advance Australia's strategic interests through durable peer-to-peer engagement and people-to-people links**.

Through ENABLE, **strategic partnerships will evolve from short-term, relatively shallow, input-based projects to a more mature, multi-year, sustainable and outcomes-focused partnership**. Putting in place strategic, multiyear partnerships will allow for partners to spend less time on administration (i.e. grant writing) and more on strategic engagement with DFAT. Partners will be selected based on a range of factors including being able to demonstrate that a Strategic Partnership will enable the delivery of PHC4PNG objectives, i.e. to strengthen primary healthcare and improve service delivery for the rural majority in PNG.

In the early years, ENABLE will seek to leverage existing institutional relationships, such as Youth With A Mission (YWAM) and the University of PNG (UPNG) and translate them into longer-term more strategic partnerships with clearly articulated priorities and accountabilities for both Australia and PNG. For example, for YWAM, a strategic partnership with DFAT could be expected to see an increased focus on delivering services in strategically important Treaty Villages in Western Province. A strategic partnership with the UPNG School of Medicine and Health Sciences – or the new University of Medicine and Health Sciences – might look at staff exchanges and provision of external examiners initially, with a long-term vision of study exchanges and 'co'-degree awards with relevant Australian academic institutions.

ENABLE will help enhance the success of a suite of complementary investments under the HPS, including **PHC4PNG)** focusing on strengthening sub-national health systems and service delivery; and **DFAT-ADB SHARE** focusing on improving rural health infrastructure which supports the delivery of PHC. These two large investments complement Australia's existing support to health infrastructure, regional investments through the Partnerships for Healthy Region (PHR) initiative, and multilateral partners, including WHO.

Australia is also establishing a Direct Financing Agreement (DFA) with PNG Government to strengthen preparedness for and response to public health emergencies.

ENABLE and PHC4PNG are being designed alongside major health investments by the Asian Development Bank and World Bank, creating opportunities for coordinated support to service delivery. While ADB's SHARE program and the World Bank's IMPACT Health and Child Nutrition and Social Protection programs strengthen primary health care services, digital health, leadership, and national systems, PHC4PNG will provide targeted support at the sub-national level and ENABLE will focus on national systems, partnerships, and technical functions. **This coordinated design approach aims to maximise impact, reduce duplication, and ensure complementary geographic and system-level investments across PNG's health sector.**

ENABLE will directly respond to persistent sector issues - including constrained national systems and advisory functions, weak partner coordination and limited use of evidence to inform policy adaptation. ENABLE does not seek to address all national health system constraints. Major infrastructure, broad national digital health reform, comprehensive medical supply chain reform, large-scale workforce expansion and the Health Innovation Fund sit outside ENABLE and are supported through other Australian-funded health investments.

ENABLE will also put localisation as the centre of its implementation approach. As an outcome of the Learning and Insights function, Locally Led Development (LLD) will be advanced through evidence generation, learning and adaptive management that strengthen local leadership and ownership. This approach signals a strategic intent to shift decision-making, resources and accountability to PNG organisations, supporting sustainable national ownership of health priorities and solutions over time.

C. Proposed Outcomes and Investment Options (What?)

The **goal** of ENABLE is to contribute to the NHP's vision of preventing ill health, identifying and addressing health risks and emerging diseases, and providing accessible and affordable quality healthcare for all.

Importantly, **ENABLE purposefully does not seek to address all national health system constraints**. ENABLE will strengthen selected national enabling functions that support Australia's broader health portfolio to advance integrated PHC in PNG. This objective is operationalised through three proposed **end of program outcomes** (EOPOs):

- **EOPO1** – By 2037, selected national systems and advisory functions are strengthened to support integrated PHC.
- **EOPO2** – By 2037, strategic partnerships with Australian organisations have strengthened the capability of local institutions and providers in selected priority areas relevant to integrated PHC.
- **EOPO3** – By 2037, learning and insights strengthen evidence-informed decision-making, adaptation and performance across Australia's PNG health portfolio

ENABLE is designed to enhance the likelihood of success of the ten-year HPS. This will be achieved through targeted technical advice (TA) and strategic partnerships that strengthen selected national systems and functions, in response to bottlenecks or issues identified through other HPS investments (PHC4PNG, SHARE). Strategic partnerships will seek to leverage and formalise existing institutional relationships with Australian organisations or counterpart institutions, where Australia has comparative advantage. **ENABLE will also include a Learning and Insights function to strengthen evidence-informed decision-making, adaptation and performance across the entire HPS**. Evidence generated through the Learning and Insights function will directly inform technical assistance deployment, partnership engagement, and policy dialogue.

Activities will focus on strengthening selected national systems and advisory functions that are **critical to enabling integrated PHC**. This includes advisory support to sector leadership (Health Minister's Office, NDoH Secretary's Office), gender equality, policy dialogue, coordination, selected policy and legal functions, Health Services Improvement Program Trust Account (HSIP TA)-related financial management, and other agreed system functions that directly enable integrated PHC.

ENABLE will also identify and foster strategic partnerships that have an Australian comparative advantage in the health sector, and that strengthen the capability of local institutions, including the private sector, to deliver integrated PHC. Partnerships will support different parts of the health system, including health workforce education and training, remote outreach, institutional capability, technical

collaboration, or other issues that affect integrated PHC. Priority will also be given strengthening evidence-informed decision-making, adaptation and performance across Australia's PNG health portfolio through two complementary functions: generating and communicating high-quality portfolio data and analysis, and facilitating learning, adaptive management and investment coordination. It recognises that ENABLE, PHC4PNG, SHARE and related partnerships will operate in a complex and evolving health system, and that DFAT, NDoH and partners will require timely evidence to understand performance, adapt implementation and identify emerging opportunities or risks.

The investment will support PNG's policy commitments to gender equality, disability and social inclusion and 'health for all', outlined in the NHP and the National Gender Equality and Women's Empowerment (GEWE) Policy (2025-2035), as well as the Australian Government's objectives as set out in its *International Disability Equity and Rights Strategy (2024)* (IDEARS) and *International Gender Equality Strategy (2025).* It will achieve this through both **targeted support for gender equality and mainstreaming gender equality**, disability inclusion and social inclusion across policy dialogue, and selected support to national systems and advisory functions. It will also ensure that any strategic partnerships are designed to be GEDSI responsive. Key gender equality activities will include funding unfilled positions in the NDoH Gender, Disability and Men's Health Program and supporting the Gender, Disability and Men's Health Program to conduct a Gender Audit of the sector to generate a **baseline and roadmap for women's leadership in the sector**. ENABLE will sustain a focus on **strengthening policy dialogue for disability equity in the health sector**, while recognising the limited entry points within the current system. In ENABLE's first phase, a disability action plan will be developed outlining the approach to be taken in driving this policy dialogue. A wide range of factors in PNG contribute to social exclusion from health services and subsequent poorer health outcomes: geographic distance; at risk groups are marginalised or stigmatised and feel unable to access services; and young people, particularly young girls, are poorly provided for. **ENABLE will therefore ensure an intersectional approach is applied recognising that all these exclusions, including gender and disability, interact with each other with often negative consequences**. As a starting point, ENABLE will focus on policy dialogue to support the development of a National Youth and Adolescent Health Policy.

PNG's health system is increasingly affected by climate variability and weather-related disruptions, including flooding, heat stress, damage to facilities, interruptions to outreach, and displacement of staff. **With more substantial efforts on climate change addressed through complementary service delivery and infrastructure programs, it will be integrated as a secondary objective in ENABLE**. NDoH will be supported to develop a national climate resilient health system policy. The implementation of the policy in the future may enable climate change to be integrated into indicators for assessing PHC service delivery capacity or community-based work under PHC4PNG in the second half of that investment. Until this time, efforts to strengthen integrated PHC under PHC4PNG and ENABLE are also well aligned with responses to climate change. Integrated PHC, including the prevention and treatment of nutrition, communicable diseases, and NCDs and the use of technology for remote supervision and telehealth thereby reducing transport emissions, is key to climate change mitigation and adaptation efforts.

D. Implementation Arrangements and Delivery Approach (How will DFAT deliver it and engage?)

ENABLE will be implemented for up to 10 years, with an initial contract period of five years, with an option for a second phase of up to five years, subject to satisfactory performance and validation of the approach. ENABLE will have an **estimated budget of up to $85 million - up to $35 million for the first five years, and up to $50 million for the extension option.** This represents approximately 10 per cent of DFAT's current bilateral health sector expenditure over this period.

The Managing Contractor (MC) will likely deliver functions including (i) long-term embedded advisory support to the NDoH, (ii) targeted grants to establish or formalise strategic partnerships that will strengthen PNG institutions; (iii) a Learning and Insights function embedded within their structure, with possibility for embedded support within Post.

DFAT will support this by playing an ongoing strategic oversight role, including through engagement with Government of PNG stakeholders and with MCs of PHC4PNG, SHARE and other complementary programs. This role will be important in establishing and maintaining the expectation for all MCs to be contributing to ENABLE's whole-of-portfolio learning efforts.

ENABLE's primary governance mechanism will be a HPS Steering Committee (HPSC), comprising Government of Australia and GoPNG representatives (including NDOH, central agencies and selected

PHAs). The HPSC will oversee Australia's health investments in PNG, providing a forum for high-level bilateral dialogue on strategic direction, performance and risk across the health portfolio. This is the same Committee that will have oversight over the PHC4PNG program, thus reinforcing a complementary and whole-of-portfolio approach. It is expected to be represented at senior levels (e.g. Minister and High Commissioner) and include relevant central agencies, PHAs, and key partners. The HPSC is anticipated to meet six-monthly, with meeting frequency adjusted as required. Existing NDoH governance mechanisms will also be responsible for oversight of components of this investment, where aligned with their mandate. Using existing NDoH mechanisms will help to avoid duplication, promote NDoH ownership of the investment and strengthen NDoH's governance role within the health system. These responsibilities may include priority setting, approval of work plans, monitoring of performance and risk management. The Health Sector Aid Coordination Committee (HSACC) led by the NDoH's Aid Management and Partnership Branch will also monitor the performance of ENABLE. The purpose of the HSACC is for NDoH and DPs to discuss strategic alignment of donor investments with the NHP, coordinate investments, and manage risks.

E. Risks

An inherent risk rating assessment has been undertaken consistent with DFAT's Risk Management Guide and Matrix and this investment has been assessed as **high** The following are key strategic risks to meeting investment objectives that will be addressed during design and implementation, including development of mitigation measures to reduce overall risk.

Risk Category	Risk	Inherent Risk Rating
Political: Partner government capacity and capability	NDOH is under-resourced and cannot effectively take on its stewardship and regulatory roles, and to lead national systems.	High
Political: Partner government capacity and capability	Support to NDoH is ineffective because of the role of other national government departments: DoT, DoF, DPM, DHERST and NDoE play key roles within the health system, particularly with respect to the financing and HRH systems, yet the support through ENABLE is predominantly focused on NDoH.	High
Stakeholder: Implementing partner capacity and capability	MCs for ENABLE, PHC4PNG, SHARE and other programs do not effectively collaborate, leading to the withholding of information or insights that may help each MC make greater progress towards outcomes.	High
Stakeholder: Implementing partner capacity and capability	Strategic partnerships do not result in changes in capability in PNG institutions; or elevate Australia-PNG linkages.	High
Programming: Gender equality, disability and social inclusion	There is a lack of political will to incorporate GESDI considerations in an effective manner, undermining equity outcomes	Medium

F. What are the next steps?

Step	Date
1. Request for Expression of Interest for ICN issued to market	Oct 2026
2. Request For Tender issued to market	Feb 2027
3. Tender and contract/grant agreement negotiations	May 2027
4. Contract signed	Jun 2027
5. Implementation commences	Jul 2027

Annex 1. PNG Health Indicators

PNG ranks 156 out of 191 countries against the Human Development Index[8] and approximately 40 per cent of the population lives below the national poverty line[9]. The country is ranked 158 out of 189 countries for gender equality[10] and is assessed as the least safe country globally for women, children, people with disability, and the LGBTQIA+ community[11]. Improvements in life expectancy[12] and child mortality[13] have been slower than economic and regional peers – and the country continues to face pressing health challenges. PNG is ranked third lowest in the world against the Universal Health Coverage (UHC) Index (see tables below for breakdown of UHC indicators and trends)[14]. There are continuing high levels of communicable diseases, including multi-drug-resistant tuberculosis, and rising HIV infections. Non-communicable diseases (NCD) are rapidly increasing and PNG is ranked 182 out of 183 countries in the world on the NCD preparedness index[15]. Nutritional status is poor with 42 per cent of children under five years of age stunted[16] and 38 per cent of the population predicted to be obese by 2035. The total fertility rate is substantially higher than other lower middle-income countries (4.8 compared to 2.8)[17]. Routine childhood immunisation coverage has fallen from around 60 per cent in the early 2000s[18] to around 40 per cent in 2023. Over the same period, supervised childbirth deliveries have fallen from approximately 45 to 35 per cent[11]. Since 1990, the average of 2.5 outpatient contacts per person per year has decreased to an average of 1 in 2021, well below the minimum 3 or 4 visits to deliver an essential package of health services[11]. Health outreach has stagnated for more than a decade and the quality of services is low[19].

Underpinning PNG's poor health outcomes and service delivery performance is a struggling health system. Assessed against the WHO Health System Strengthening (HSS) building blocks, PNG is achieving only partial health system functionality. The main health system challenges include:

- The health sector is highly fragmented and Provincial Health Authorities (PHAs) – established as part of reforms to facilitate more effective health services – are not yet fully functional.
- Although PHAs are responsible for service delivery, they are reliant on the national government for major health system inputs including financing (NDoH and Treasury), human resources (DPM) and medical supplies (NDoH). PHA performance with respect to utilisation of key PHC services varies significantly across provinces.
- Stewardship of financing, human resources and medical supplies remains at the national level and is shared by NDoH and other national actors and the functioning of these systems is far below national expectations.
- While the PNG government allocates approximately 10 per cent of the annual budget towards health and donor funding for health provides significant additional revenue, there is still a significant gap between what is needed to provide effective coverage of health services, and what is provided has not translated into effective coverage of health services. Misallocation and misuse of funds are common.
- PNG lacks the necessary health workforce required to fully achieve UHC, and is not making the most effective, efficient, and equitable use of the workforce it does have[20].
- Essential pharmaceutical drugs and equipment are routinely unavailable at health facilities.
- There are significant gaps in the quality and coverage of PNG's healthcare infrastructure.
- PNG's health information system (NHIS) produces reasonable quality service data, but this is not being used in a timely or effective way to inform policy, planning or accountability[21].
- There is limited active engagement of communities in the oversight of health services or of patients in the delivery of individual care or prevention and behaviour change approaches.

[8] Human Development Index. [Online] 2023. [Cited: 30 September 2023.] https://hdr.undp.org/data-center/human-development-index#/indicies/HDI
[9] Global_POVEQ_PNG.pdf (worldbank.org)
[10] **United Nations Development Programme.** *Papua New Guinea Gender Equality Program, 2023-2025.* s.l. : UNDP, 2022
[11] **Human Rights Measurement Initiative.** *Human Rights Across the Pacific.* 2020.
[12] **Institute of Health Metrics and Evaluation.** Results Tool. *Global Burden of Disease.* [Online] [Cited: 15 September 2023.]
[13] **World Bank.** Indicators: Under five-years mortality rate. *World Bank Open Data.* [Online] [Cited: 12 September 2023.] https://data.worldbank.org/indicator/SH.DYN.MORT.MA?locations=PG
[14] **WHO.** Global Health Observatory. *Universal Healt Index Coverage.* [Online] 2023. [Cited: 30 September 2023.] https://www.who.int/data/gho/data/indicators/indicator-details/GHO/uhc-index-of-service-coverage
[15] **I, Anderson.** *Obesity Preparedness in the Asia and Paciific.* s.l. : ANU Devpolicy Blog, 2023
[16] **World Bank.** *Success Stories with Reducing Stunting: Lessons from PNG.* Washington : World Bank Group, n.d.
[17] **World Bank.** Indicators: Total Fertility Rate. *World Bank Open Data.* [Online] [Cited: 12 September 2023.] https://data.worldbank.org/indicator/SP.DYN.TFRT.IN?locations=XN
[18] **NDOH.** *Sector Performance Annual Review.* 2000-2021
[19] *Readiness of health facilities to provide emergency obsetric care in PNG: Evidence from a cross sectional survery.* **Hou X., et al.,.** e050150, s.l. : BMJ Open, 2022, Vol. 12
[20] **World Bank.** *Service Delivery by Health Facilities.* Washington : Wold Bank Group, 2018
[21] **WHO.** *Papua New Guinea Heath System Review.* New Delhi : WHO SEARO, 2019

Annex 2. Health Program review and evaluation findings

Over a dozen independent evaluations and reviews have been undertaken on DFAT's bilateral health investments over the past three years, focusing on individual investments through to the whole health portfolio. The key lessons and insights from this work are summarised below. These findings are being considered and addressed throughout IDD1 and IDD2.

Sustainable, positive change takes a long time

A long-term view of the time required for change to occur in the health sector needs to be balanced against the need to deliver tangible improvements to health along the way. The ambitious targets of programs and activities designed over three to five-year periods are often unmet because there is insufficient time and resources provided for programs to implement substantive activities in a complex and fluid operating environment.

Investments need to be restructured into a coherent set of programs

The current portfolio evolved with programs and projects designed at various points in time. This constrained the alignment of investments to the previous Health Portfolio Plan (2018-2023) outcomes, which meant the portfolio was a collection of projects rather than a coherent set of programs.

A transformative approach to GEDSI is required to advance UHC

The pathway to PHC requires significant improvements in GEDSI. For existing investments with positive benefits, the focus and approach to GEDSI have been increasing services for women and other vulnerable and marginalised groups. However, a more transformative GEDSI approach with explicit actions to address the barriers that exclude and exacerbate or fail to address inequalities and exclusion from good health and well-being needs to be systematically adopted to realise sustainable improvements in health outcomes.

Targeted interventions achieve results but can be inefficient and unsustainable

Australia's investments in direct service delivery supplementation were successful in increasing service coverage for specific and targeted groups of people (including for tuberculosis, HIV/STIs, immunisation, family planning and ANC). However, there are efficiency and sustainability concerns with this approach because these grants are still primarily delivered as parallel programs without sufficient government oversight. Some supplementary support to enable service coverage is needed to ensure indicators do not slip, but how DFAT provides that support should evolve in carefully planned ways that balance our obligations to manage risks and increase efficiencies.

Infrastructure offers both opportunities and risks for health service delivery

Investment in infrastructure is a priority for both governments, but new infrastructure increases recurrent costs required for operations, maintenance and human resources. The health budget has yet to see the requisite increase in recurrent funds to enable newly constructed facilities to operate optimally. Poorly planned, urban tertiary infrastructure diverts resources from rural locations and public health programs, hampering progress towards UHC. Significant co-investment in planning, budgeting, HR, upskilling, and change management is required if outcomes from infrastructure investments are to be realised.

At the same time, health infrastructure presents an opportunity to generate political interest in health because leaders are keen to engage in the development and planning of new facilities in their electorates. However, when planning is focused on constructing a single facility, the opportunity to capitalise on that engagement to mobilise resources and plan for the facility's functioning concerning the broader network of facilities is often missed.

Flexibility in responding to emerging and unplanned priorities is important

One of DFAT's comparative advantages is its ability to respond quickly to unplanned priorities. This was evident during the COVID-19 pandemic, during which DFAT mobilised surge resources, procured vital equipment and PPE, and channelled funds directly to PHAs for emergency response plans. It is important to keep our funding and contracts flexible to support new priorities and opportunities as they develop and respond to health emergencies.

Engage in more meaningful partnerships with sub-national authorities

DFAT engagement in the health sector is substantial. Post team members actively participate in national meetings and forums and have sound relationships with the NDoH staff and Port Moresby-based stakeholders. Engagement with provinces is more limited, and feedback indicates that implementation of donor-funded activities in provinces needs to be more cohesive and aligned with PHA plans. NDoH colleagues have advised they don't always have clarity on what donors are funding and struggle to keep up with the demands of donor-funded projects. The objective to remain a trusted, reliable and transparent partner requires the health team to engage more systematically with the sector stakeholders and lead discussions on Australia's policy contributions, performance management, and key decisions.

Annex 3. Strategic and policy context

Policy settings - Australia

Australia's International Development Policy (2023) presents a long-term vision for how Australia will help meet the critical needs of partners and support sustainable development while supporting Australia's national and shared interests across the region. The IDP is centred on listening, respect, and genuine partnership. Australia's development program aims to advance a peaceful, stable, and prosperous Indo-Pacific region. Australia will continue to focus on health because healthier individuals and communities can contribute meaningfully to a country's economic and social development, thus building state and community resilience.

The *PNG-Australia Development Partnership Plan 2024-2029* (DPP) translates into action the development priorities Australia shares with PNG. The DPP reinforces the two countries' *Comprehensive Strategic and Economic Partnership* (CSEP), providing an overarching framework for deepening bilateral development cooperation. Aligning with the IDP, the overarching goal for the DPP is a peaceful, stable, resilient, and prosperous PNG.

Australia's current and future investments in health contribute directly to Objective 3 'Investing in People and Building Resilient Communities', in particular Outcome 3.1. Service Delivery 'Supporting PNG to increase access to and use of essential services, including health and education, which are well maintained and responsive to people's needs'. Investments in health also make contributions to a number of other outcomes.

PNG Post' s*PNG-Australia Health Portfolio Strategy 2024-2034* (HPS) responds to the challenging health system and political economy context in PNG, to chart a practical and focussed strategic direction for Australia's program of PNG health sector support the next 10 years. The HPS recognises that a comprehensive, long-term investment in a portfolio of evidence-informed health system strengthening approaches that support PNG-led reform efforts is required. This approach will be challenging and necessarily long-term. In the interim, the HPS also recognises the need to meet, in a targeted way, some of the pressing need for health services not currently being adequately met by the PNG health system. To this end, this investment – PHC4PNG – will continue to provide essential direct service delivery supplementation in selected areas of high need and low service coverage, while moving to a more integrated, PNG-led delivery model.

Policy settings - PNG

Access to quality and affordable health care is one of 12 strategic priority areas identified in PNG's *Medium Term Development Plan IV 2023 – 2027* (MDTP IV). The intent of the government, as stated in the plan, is to roll out primary health care services through the Community Health Post (CHP), the District and Provincial Hospital Programs, and by empowering Provincial Health Authorities (PHAs) to deliver specialised health care. Five interventions focused on primary health care, specialised health care, health infrastructure, specialised training and accreditation, and HIV-AIDS are key interventions. The plan estimates a projection of PGK5.804 billion is needed to deliver the priorities of the health sector by 2027.

The country's sector strategy is the *PNG National Health Plan 2021-2030* (NHP). The overall objective of the NHP is for PNG to be a healthy and prosperous nation where health and well-being are enjoyed by all. The NHP is structured around five key result areas. PNG's National Department of Health (NDoH) estimated it would cost PGK42.7 billion to implement the NHP (significantly more than the MDTP IV estimates). Over the next eight years, an average increase of around PGK2 billion to the annual budget of approximately PGK2.5 billion would be needed to operationalise the NHP. Australia (and other donors) cannot fill that funding gap but can make a meaningful contribution by bringing resources to selected strategies.

Sector Context

PNG is geographically and culturally diverse, with a largely rural-dwelling population. PNG's abundant natural resources support PNG's raw economic wealth, amounting to USD 32.89 billion in 2024—close to three times larger than the other Pacific Island Countries combined. PNG's population of at least 10.2

million is young, with 43 per cent aged under 18, and rapidly growing, with population growth estimated to be 4.8 per cent. This provides an opportunity for PNG to reap the benefits of a demographic dividend in the coming decades, if required development opportunities are effectively utilised. A robust and expanded health system catering for the needs of children and young adults entering reproductive years is required for PNG to use its natural resources and human capital for the benefit of all Papua New Guineans.

In PNG, 71 per cent of health services are government funded[i]. This includes funding to church-run health services that deliver almost half of the country's services, mainly in rural areas. Private health providers are a small portion of the market, servicing larger towns and resource project sites. As a consequence, out-of-pocket health expenditure is low. Still, the availability of quality services close to where people live is a problem reflected in PNG's low ranking (192 out of 194 globally) on Universal Health Coverage (UHC).

The inability to provide providing quality health services in a challenging environment has led to some stagnation and declining health outcomes over the last two decades. Life expectancy in PNG is 65 years (World Bank, 2017), meaning people live on average 18[22] years less than their Australian neighbours at 83 years. Australia (and other donors), via intensive NGO support for specific programs – tuberculosis, immunisation, HIV, family planning, malaria – have been able to achieve some improvement in service coverage in targeted provinces or clinics. However, this is unsustainable under PNG Government funding levels.

There is a mix of factors that contribute to poor health sector performance. In the last decade, Provincial Health Authorities (PHAs) were established to decentralise national health service delivery. While this is theoretically the right pathway for service delivery, only some PHAs are functioning well. The changed financing, administrative, and governance arrangements required to be established under PHAs have taken time to settle. All PHAs face chronic staff issues, essential drug shortages, inadequate infrastructure, and underfunding.

PNG spends around USD62 per person annually on health compared to Australia's USD5,370, with a budget allocation approximately 10 per cent of GDP annually. There is poor allocation of resources and financial management is weak. Rural services are severely underfunded. Nominally, 20% of the annual funding allocations to Members of Parliament through the District Service Improvement Programs (currently PGK20 million per year for each MP) and Provincial Service Improvement Programs (PGK5 million per year per district) is earmarked for health. However, these funds are at the Member's discretion and are rarely used to support health service delivery costs.

There is a significant need for improved infrastructure. A recent survey showed that a little over half of health clinics have year-round access to water; 40 per cent have electricity and refrigeration, 30 per cent have access to fuel, about 20 per cent have beds with mattresses and a kitchen, and only 33 per cent could make patient transfers. The sector has recently seen increased government funding for capital works. This has focused mainly on new and/or upgrades to tertiary hospitals without the requisite funding for the increased staff and operational budget. This places further pressure on PHA budgets, with funding for larger hospitals being prioritised over funding for rural services.

There are insufficient health workers with the right skills in the right places. There are approximately 18,929 health sector employees (3 per cent doctors, 27 per cent nurses, 35 per cent community health workers, 11 per cent other clinical, 24 per cent non-clinical) for a population of 11.78 million, which translates to 14.1 health workers per 10,000 and is far below the recommended ratio of 45 per 10,000 for the achievement of UHC[23]. Most doctors and skilled nurses are concentrated in urban areas, with community health workers providing the bulk of rural services. Opportunities for continued professional development and upskilling are limited.

The availability of quality medical supplies continues to be compromised by poor procurement practices and insufficient planning and budgeting. This leads to periodic stock outs around the country and PNG often pays much higher pharmaceutical prices. Poor distribution of drugs contributes to wastage, with an estimated 41 per cent of drugs/medical supplies expiring on the shelf in the country's central medical store.

[22] Life expectancy at birth, total (years) | Data (worldbank.org)

[23] Global Strategy on Human Resources for Health: Workforce 2030', *World Health Organisation*, 2016 <https://www.who.int/hrh/resources/globstrathrh-2030/en/.>.

GoPNG has ambitions for digital transformation to improve the performance and productivity of public sector agencies, and there is an excellent opportunity for using digital technology in health. The electronic national health information system (eNHIS) has now been rolled out across the country to every facility. This has improved reporting rates, but there is still work to improve the quality of input data and to create a culture of data analysis for decision-making.

Slow progress on gender equality, disability and social inclusion (GEDSI) contributes to health inequities and poor outcomes in PNG. Women and girls make up around 48 per cent of the PNG population, more than 85 per cent reside rurally, and there are an estimated 1,600,000 people with a disability. Rates of physical and sexual violence against women are persistently high, with women and girls with a disability at even greater risk with significant consequences for their health. Exclusion from services by health workers directly or due to challenges in accessing appropriate services (because of gender, age, place of residence, disability or marginalisation) prevents people from receiving the care they need. Enhanced attention to gender equality, disability and social inclusion (GEDSI) is necessary to progress health.

PNG is highly vulnerable to health emergencies. Due to factors such as its relatively young population and small number of densely populated towns/cities, the impact of the COVID-19 pandemic did not appear to be as severe as in many other countries. However, the crisis highlighted the fragility of PNG's health system. There was a lack of skilled emergency care clinicians, poor planning to manage surges, and resistance from health workers to pivot to work on COVID-19. Among health workers and the broader population, widespread vaccine resistance was fuelled by misinformation, poor health literacy and low health-seeking behaviour. Information about the impact of climate change on health in PNG is limited. However, PNG is likely more at risk because the system cannot adapt to climate change-related shocks and stresses.

There are multiple development partners in the PNG health sector, including UN Agencies (WHO, UNICEF, UNAIDS, UNFPA and UNOPS), Gavi, the Global Fund to Fight HIV, TB and Malaria, the World Bank, and the Asian Development Bank; many saw funding and staffing reductions over the course of 2025. The US has a very small remaining health security footprint. New Zealand contributes to an immunisation project jointly with Australia and Gavi. China financed the New Enga Provincial Hospital and has a long-standing partnership with Port Moresby General Hospital (PMGH). There are many international and local NGOs operating in the health sector. Large resource firms, including Santos, Exxon and Total, commit funds for projects in the locations where they operate. All bring resources and expertise to the health sector, however Australia is the largest and has broadest influence across different aspects of the sector given the scope and depth of our funding through both bilateral and regional programs.

Current Australian investments for health in PNG

DFAT's current portfolio of programs includes investments that have been developed, implemented and refined over the last decade and combine support for specific services, health system support, infrastructure, and responses to specific requests.

The six-year, $280 million PNG-Australia Transition to Health (PATH) program implements projects across all of PNG's provinces including for tuberculosis, HIV, routine immunisation, and sexual and reproductive health. It provides targeted technical assistance to the NDOH, Bougainville Department of Health and the Provincial Heath Authorities of Western, Western Highlands, West Sepik, East New Britain and Morobe. PATH is DFAT's most flexible delivery mechanism, and it implements a range of discrete tasks, often in response to specific requests from the PNG Government.

The ANGAU Memorial Provincial Hospital Redevelopment in Lae was Australia's largest single project ($250 million) since PNG's independence. While ANGAU is now complete, a separate Strategic Health Infrastructure Program ($90 million) is delivering a new pharmacy and outpatients block, as well as a significant package of staff housing for Daru Hospital.

The USD204 million Health Services Sector Development Program (HSSDP, 2018-2027) is delivered through a partnership financed by USD9.5 million from the PNG Government, USD135 million in loan financing from the Asian Development Bank and USD59.5 million in grant financing from DFAT. HSSDP is building 18 rural health facilities and a national reference laboratory. It funds PNG's eNHIS and provides policy development

and management training support. A separate UNOPS investment ($9.4 million) is developing a toolkit for assessing and prioritising health infrastructure needs nationwide.

Bilateral funding to the PNG WHO Country Office ($15 million, 2025-2028) provides technical officers for areas including health system strengthening, human resources for health, maternal and child health, and essential medicines, and associated activities.

Through Australia Awards, in-country scholarships for nurses and midwives at five schools are provided to bolster the production of health workers. Outreach and health services along the Kokoda Track are funded through the sub-national program, and the Economic and Social Infrastructure Program and The Incentive Fund both support infrastructure projects in the health sector.

Annually, the Australian NGO Cooperation Program funds between 10 and 20 health-related projects (valued between $5 and 10 million) in PNG. The Partnerships for a Healthy Region initiative (managed by DFAT's Global Health Division) includes PNG in all nine 'strategic partnerships' and six projects. Additional support for health in PNG comes through our core contributions UN and multilateral agencies including Gavi and the Global Fund.