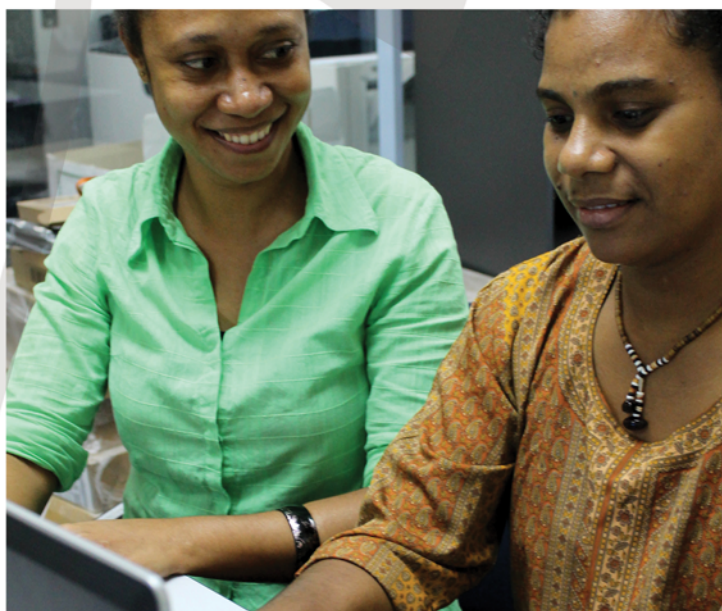


Governance Program

Economic and Public Sector Program and
Provincial and Local-Level Governments Program

Economic and Public Sector Program



6 Month Report

January – June 2015

DRAFT



Governance Program - EPSP and PLGP is managed by
Coffey on behalf of the Australian Government

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Executive Summary

The Papua New Guinea Economic and Public Sector Program commenced in June 2010 with an initial contract period to March 2014. The period was initially extended to December 2015 and in May 2015 was extended again to June 2016. It is an AUD 115 million program funded by the Australian Department of Foreign Affairs and Trade and managed by Coffey. The Economic and Public Sector Program was designed as a capacity building program with the objective of contributing to capacity development and improved services from central Government of Papua New Guinea (GoPNG) agencies. This six month progress report covers the period from January to June 2015.

Current Context

The program over the past six months has positioned itself for the transition into the PNG Governance Facility (PGF). Preparations for the transition period are underway and a detailed transition plan has been developed.

The program's operating environment remains fluid. There have been personnel and structural changes in the Australian High Commission's (AHC) governance team and a desire to approach governance in a new way. The understanding that previous approaches to supporting GoPNG in improving service delivery - including advisory and consultative services and targeted training - have not worked as well as expected has led to piloting new approaches, including working more politically to better understand the operation of formal and informal mechanisms affecting governance in PNG. Key partners in GoPNG have either been confirmed in their positions allowing them to make long term plans or have been replaced requiring the program to ensure sound relationships are established. The growing self-confidence of the state of PNG as a stronghold in the Pacific, evidenced by hosting the Pacific Games this year and APEC in 2018, has strengthened its national approach and expectations to donor funded programs such as EPSP.

EPSP is more aligned now to the four pillars of the PGF design and has gone beyond the original EPSP design of 2009, but is yet not under the umbrella of a new program. EPSP has demonstrated great flexibility and efficiencies in responding to ad hoc requests from stakeholders, especially around the development of state-citizen accountability initiatives, action research, recruitment of additional advisers and non-adviser activities in new agencies.

Overview of Progress

Key achievements against the Economic and Public Sector Program outcomes during the period included:

A more skilled and effective public sector workforce:

- Adviser and consultant assistance was mobilised for the PNG Institute of Public Administration component of the Pacific Leadership and Governance Precinct initiative. The assistance provides the foundation for the rejuvenation of the PNGIPA and 'a new generation of ethical public service leaders with the capability and motivation to collaborate, lead and manage the delivery of equitable government services to all citizens of the country'.

Improved use and management of public financial resources:

- Long term advisers in the Departments of Finance and Prime Minister and National Executive Council are building stronger financial controls relating to full record of Trust Accounts Trust Instruments and developing policy and operational actions to improve the roll-out of the Integrated Financial Management System.

Government is more informed, transparent and accountable:

- On-going long term EPSP advisory assistance at the Public Accounts Committee is paying dividends with reform-minded politicians and departmental heads to improving efficiencies and reduce mismanagement of funds.
- The Auditor-General's Office has detailed shortcomings in the activities of provinces and districts using the recently developed audit performance review methodology.
- Monitoring and evaluation training has resulted in the development and transfer of M&E skills and knowledge to the workplace, not only for central government agencies but also at the district level as a result of training in Manus and Morobe provinces.

Policy and regulatory settings are supportive of sustainable broad-based growth:

- The program support for the secondment of two GoPNG senior public servants to the APEC Secretariat in Singapore continued.
- The Legal Adviser at the Department of the Prime Minister and National Executive Council assisted with the development of the legal framework and legislation for the introduction of City Authorities in Lae and Mt Hagen.

Effective and efficient whole-of-government service delivery systems:

- The Pilot Staffing and Establishment Review in Oro Province was completed and identified large overpayments and systems weaknesses. Findings indicated strategies for capacity enhancement, Alesco HR payroll system controls and improved monitoring and reporting requirements.
- A pilot public opinion survey on the quality of services delivered at district level was carried out in Alotau district testing the methodology of using mobile phone technology and quality of data received.
- The Gender and Social Inclusion program commenced an innovative action research methodology to Abau District in Central Province providing men and women opportunities to improve understanding of the positioning of women and to take greater control and responsibility for women's development at the local level.
- EPSP, in collaboration with PLGP, supported the development of District Development Authorities (DDAs) with drafting of legislation at the Department of the Prime Minister and National Executive Council; provided M&E training for provincial and district staff in Manus and Morobe provinces; and planned with the Consultative and Implementation Monitoring Council to strengthen roles and responsibilities of DDAs and local communities.

Working with Partners

Learning

The key learning from the development and implementation of citizen accountability mechanisms at district level (public opinion surveys and district accountability initiative) in this reporting period was the importance of identifying the unique political, bureaucratic, private sector and community based stakeholders connected to development initiatives at the earliest stage through to implementation, combined with understanding of the nature and possession of power affecting relationships between political and bureaucratic levels of GoPNG.

Looking Ahead: July 2015 – June 2016

The Economic and Public Sector Program will continue to respond innovatively in developing and implementing a governance program at the central agency level.

Helping to transition to a new aid program governance facility will be a priority, including through the documentation of current learning. EPSP and PLGP will work closely to provide clear lines of sight on key ongoing challenges such as cash flow, public financial management and public expenditure at all levels of government.

The transition period and the preparations for the transition period will draw heavily on the Program's resources with adviser positions to be re-scoped and advertised, activities to be transferred to the PGF and establishing clear decision making processes in the period after the PGF has commenced and EPSP is still operating. All of which will require intensive consultation with relevant stakeholders.

The implementation of the design for the Pacific Leadership and Governance Precinct at the Institute of Public Administration will also be a key focus. The program will use the lessons learned from implementation of the HR CONNECT pilot at provincial level to inform the final stages of the project and will progress other pilot initiatives to promote GoPNG engagement with its citizens.

1. Introduction

This report for the Governments of Papua New Guinea and Australia, and the Program Management Group (PMG) details the contexts, progress and performance of the Economic and Public Sector Program (EPSP) for the period from January to June 2015. It reports against the five result areas and fifteen outcomes (Annex 1) that frame the activities of the program, and provides insight into what is working well, what is not working so well, and why.

The report contains a number of Annexes which further elaborate on these matters for example Annex 2 details the additional activities commenced by the program during this reporting period. Annex 3 provides information and analysis of the performance of the Program Management Office (PMO) and Annex 4 provides information on grants to agencies.

Details of all activities conducted by EPSP in government agencies are provided in Annex 5. Some of these activities are highlighted in the main body of the report to showcase the reality of development and change and explain why some activities were more successful than others in the public sector.

This six month report highlights the extensive work underway to rejuvenate the Institute of Public Administration (PNGIPA); increased number of EPSP advisers in financial management in agencies; increased accountability in agencies; pilot staffing and establishment review in Oro Province; empowering citizens at provincial and district levels; and knowledge generation through innovative research programs. The report also includes new learning from the experiences of the program over the past six months relating to successful and not so successful development activities in PNG.

Transitioning EPSP

In May, DFAT approved a contract variation which extends EPSP until June 30, 2016.

The Australian aid program published a draft design for a PNG Governance Facility (PGF) which will combine a range of aid programs in PNG into one large service provider contract. One rationale for the PGF is to transform the unprecedented economic growth of PNG into

better governance leading to improvements in the lives of PNG people.

EPSP has aligned its current activities with the four PGF pillars: Core Government Functions; Private Sector Development; Strongim Pipol Strongim Nesen; and Leadership and Coalitions. EPSP has developed a detailed transition plan, identifying activities which will transition into the PGF and developing exit strategies for those that will not.

In the third and fourth quarters of 2015, EPSP will implement key agreed activities of the transition plan in consultation with Australian and PNG stakeholders. Transitioning activities will be reviewed, and activities will be harmonised where possible across PLGP and EPSP. These two programs are currently co-located and joint understanding has commenced. EPSP will maintain its strong lines of communication with the PNG government to ensure close partners are involved in transition decisions as far as possible.

Program Management Group

The Program Management Group (PMG) is the overall decision making body that directs the activities of EPSP. It is chaired by the Chief Secretary to the Government of PNG and comprised of seven Deputy Secretaries from key central agencies including Department of Finance (DoF), Department of Treasury (DoT), Department of National Planning and Monitoring (DNPM), Prime Minister and National Executive Council (PM&NEC), Department of Personnel Management (DPM), Department of Provincial and Local Level Governments Affairs (DPLGA), Department of Justice and Attorney General (DJAG), Provincial Administrators from Sandaun, Eastern Highlands and West New Britain Provinces and a women's representative.

The PMG met in April 2015. PMG has continued to evolve and the presence of Secretaries at PMG meetings from DPM, DoF, DoT, Internal Revenue Commission (IRC), Auditor-General's Office (AGO) and DPLGA has been an important development to promote the work of the program and partnerships with GoPNG agencies.

DPLGA presented a paper on the development of District Development Authorities (DDAs). The Secretary for

Department of Health (DoH) presented data from the 2015 Review of Provincial Health Authorities requested by PM&NEC recommending that the role and purpose of PHAs was valuable for development in this sector and should continue. The Secretary of the Department for Community Development (DfCD) presented a paper on the National Gender Based Violence Strategy.

Discussion topics were included based on the Chief Secretary's request for policy discussions around critical issues. Due to illness, the Chief Secretary was not able to attend the PMG and discussions he might have envisaged did not take place.

2. A More Skilled and Effective Public Sector Workforce

The Pacific Leadership and Governance Precinct

The Pacific Leadership and Governance Precinct is a high profile initiative supported by EPSP. It is receiving close attention from DFAT Canberra, the Australian Foreign Minister's Office, senior GoPNG officials and AHC in Port Moresby.

The Precinct is a partnership between University of PNG and Australian National University (Track One) focusing on policy development and analysis and supported by GRM. The PNG Institute of Public Administration (PNGIPA) (Track Two) focuses on transforming PNGIPA into a state of the art learning institution and is supported by EPSP. Both tracks are linked to create learning and dialogue opportunities.

UPNG and PNGIPA are also supported with infrastructure development, managed by Cardno.

EPSP contracted three long term advisers for PNGIPA: Strategic Planning and Management, Operations Manager, and Quality Improvement Adviser together with five short term consultants for the Precinct: Design and Implementation, Monitoring and Evaluation, Communications, Multi Media, and Gender Equity and Social Inclusion (GESI) to underpin the transformation of the PNGIPA to the School of Government.

Achievements since January 2015 include:

- The PNGIPA Governing Council was re-established in March 2015 and approved the IPA Implementation Plan.
- Twelve month Diploma training in Public Administration, Accounting, Human Resources and Local Level Government Management commenced for the first time since 2012 for 186 males and 51 females. Middle Management training at PNGIPA regional centres in Madang (18 students) and Kokopo (31 students) commenced. The Department of Personnel Management is strongly supportive of Precinct training programs.



- A two day GESI pilot course was conducted for 34 participants (13 males and 21 females). A review of the training showed greater awareness of GESI and its processes and outputs, positive behavioural change and willingness to advocate and share information at the workplace by participants.
- A comprehensive draft monitoring and evaluation framework was completed.
- EPSP developed a high quality and prestigious visual identity for the Precinct approved by the Australian Foreign Minister and well received by GoPNG and GoA.

The Precinct was due to be officially launched by the Australian Foreign Minister and two GoPNG Ministers in late June, but was deferred. Participants enrolled in Precinct courses provided by ANU and University of Queensland at PNGIPA have provided video interviews to record the impact of these initial Precinct courses.

Asia-Pacific Economic Cooperation

The Australian Government is committed to assisting GoPNG with hosting of the APEC Summit in 2018. EPSP has provided financial and advisory supported for an APEC Secretariat Internship Program. Two GoPNG public servants were seconded as Intern

Program Directors for a six month period in January 2015 with the eventual aim of appointing a PNG Program Director to the Secretariat.

The current two interns return to PNG in September 2015 and two new APEC interns will join the Secretariat in early 2016. Training includes public speaking, preparing reports, negotiating – as well as participating in APEC Secretariat activities such as the Energy Working Group, the Small to Medium Sized Enterprise (SME) Working Group and the Oceans and Fisheries Working Group.

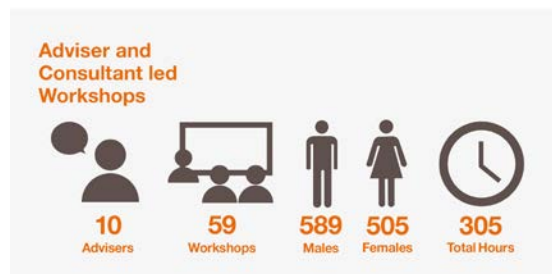
The Director General of the PNG APEC Secretariat has indicated confidence in the appropriateness of the training and the workplace experiences provided for the interns is equipping them with skills and knowledge to take major roles in the management of APEC 2018.

EPSP Advisory Support

EPSP provides direct support to agencies using long term advisers and short term consultants to further develop the skills and knowledge of public servants. Governance Service Agreements (GSA) signed by agencies and EPSP clearly state the deliverables, or products, that advisers and agencies are to achieve, or work towards. Detailed information about GSA progress and achievements is contained in Annex 5.

Ten EPSP advisers conducted 59 workshops (Figure 1) from January to June 2015. This represents a similar number of workshops and participant numbers for the previous reporting period from July to December 2014.

Figure 1: Adviser and Consultant Facilitated Workshops January–June 2015



Counterparts

Advisers continue to carry out their terms of reference which often includes a capacity development component. The CAPDEV study referred to in the EPSP Six Month Report

(July–December 2014) provided evidence of successful transfer of skills and knowledge between advisers and counterparts. The following two excerpts from counterpart reports provide recent evidence of capacity development occurring as a result of adviser and counterpart interactions.

Box 1: DoF Trust Accounting Branch

Officers are more comfortable in seeking advice and assistance [from the EPSP adviser]. Officers are more aware of their role and the power and responsibility that they have and are more willing to question and challenge. As a result a number of individuals are less willing to accept the status quo and now pursue matters that they are unsure of. Increasingly the Branch is working as a team with common objectives. A deal of this is a result of the regular Branch meetings, which have a workshop element and actively involve all staff.

There has been an improvement in the turnaround of correspondence and other work and a decrease in absenteeism especially in Trust Accounting Branch and to a lesser extent in Cash Management Branch.

DoF Counterpart Report June 2015

Box 2: Auditor-General's Office

The Services Delivery Performance review test plans developed by the EPSP adviser have assisted me gain some understanding of the service delivery performance review methodology. I am confident I could do the next reviews on my own.

A new section has been created by the Auditor-General to deal with audits of District Development Authorities (DDA), Services Improvement Programs (SIP) and Services Delivery Performance (SDP). This new section will use the audit test plans/audit programs developed by the adviser.

A workshop will be held in late July/August with the staff from the Provincial and Local Level Government Audit Branch (the SDP section is embedded under this Branch) to improve their SIP audit skills.

AGO Counterpart Report June 2015

A limitation slowing some agency-based activities has been the turnover of counterpart staff affecting the progress of planned activities in agencies through either internal transfers, or from more serious matters resulting in suspensions and terminations.

For example, the EPSP Provincial Service Performance Adviser with AGO commented on the 'disruption that will be caused by the transfer of the counterpart'. Similarly, the counterpart to the EPSP Project Manager Adviser also at AGO, a key member of the project team, commented: 'He was investigated and subsequently suspended from the office in Quarter Two 2015. This suspension will have a significant impact on the project deliverables'. The Auditor-General agreed to delay the roll-out of TeamMate to staff and the IT remediation work until August 2015 as a result of the suspension.

The EPSP Integrity and Investigation Adviser at IRC noted 'a senior member of the Internal Audit and Assurance Unit was suspended from duty during Quarter Two pending the completion of an Internal Investigation into corruption offences'. This matter is ongoing and is quite technical in nature, relying heavily on ICT systems evidence.

The IRC Commissioner-General reiterated to all staff after this suspension of the absolute importance of performing duties ethically and with integrity.

Department of Personnel Management

The EPSP Six Month Report for July–December 2014 reported on the extensive training provided by DPM with EPSP technical support in Sandaun and Manus Provinces as part of the Component 4 of HR CONECT: Improving HR Management in Public Sector Agencies.

The training aimed at improving HR practices and implementation of 50 HR Business Processes (BP) relating to the Public Service General Orders to reduce abuse of proper procedures and corrupt practices around travel, living allowances and payment of market based allowances has been a constant problem.

EPSP and PLGP visited Sandaun and Manus Provinces in June 2015 to interview provincial administration and public health authorities six months after the BP workshops were

conducted in 2014. The purpose of the visits was to establish if participants were applying knowledge and skills in the work place.

Sandaun Provincial Administration

The Sandaun Provincial Administration reported significant improvements in both increased knowledge and confident practical application of the business process in the workplace by staff. Key human resource functions were reinforced including drafting of senior management contracts, disciplinary measures enforced, staff performance appraisals conducted with detailed job descriptions aligned to provincial plans, previously unattached officers' redeployed and further awareness on BP conducted for other sectors within the administration.

Sandaun Provincial Health Authority

There has been slower and gradual application of learning by the Sandaun Provincial Health Authority staff compared to the Sandaun Administration. The Deputy Director Corporate Services is acting in the role of CEO at the Authority and is challenged to maintain the standard set by the former CEO. It was evident according to the review team that knowledge had increased and officers were executing their roles but training of other officers had not occurred as yet. Directors with clinical background had benefited immensely as the new knowledge was assisting them in their administrative roles. The Deputy Director Curative Health, Nursing commented, *"Coming from a clinical background and in management this business process is the way to do things accurately and properly so we don't run into mistakes and problems"*.

Manus Provincial Administration

Implementation of the BP processes has been slow at the Manus Provincial Administration. Staff interviewed indicated they gained increased knowledge and are applying the processes in their day to day roles however changes are not systemic or coordinated. The Provincial Administrator is committed, but lacks support from senior managers who are implementing changes in silo and are not coordinated.

Manus Provincial Health Authority

The review team found transfer of new knowledge within the Manus Provincial Health

Authority (MPHA) was slow although participants with a clinical background benefited from the learning and in their daily work. It was clear to the team that the lack of coordination and direction from the HR Branch to other divisions was a contributing factor to poor implementation.

3. Improved Use and Management of Public Financial Resources

EPSP financial advisers support the work of the Strongim Gavman Program (SGP) through advisory activities and research and analysis.

The Review of the Provincial Capacity Building Program Phase II (PCaB II), completed in the previous reporting period, recommended that DoF lead a design process for the next phase of sub-national PFM capacity building in PNG in early 2015.

The Secretary for DoF considered the PCaB review in the light of the agency's three strategic objectives: Public Expenditure Financial Accountability (PEFA), Financial Framework Review (FFR) and district treasury rollout and decided not to take any action at this stage. Advice from SGP indicated that the roles and responsibilities of key stakeholders involved in PCaB needed to be revisited before taking any further action.

The EPSP study titled 'Enhancing the Budget Process of PNG' (August 2014) has stimulated action according to a Deputy Secretary with DNPM, '[the report] has informed budget reforms that will assist Treasury and National Planning and Monitoring to provide a more unified Budget; with greater emphasis on the quality of the forward estimates; and sectors to provide coordinated prioritised submissions to the Budget process'.

As well as supporting SGP, EPSP has contracted additional advisers and consultants to work in financial and revenue areas in this reporting period.

Department of Treasury

Three tax consultants, requested by the Secretary for DoT and the SGP Team Leader, were contracted by EPSP and commenced with the Tax Review Secretariat at DoT. The consultants assisted with the development of

issues papers and drafting final reports for the Tax Review Committee such as broad directions for taxation, small business tax stamp duty, departure tax, GST policy, rent withholding tax and PNG personal income tax.

This request was acted upon quickly by EPSP which contracted the consultants. The positions were approved on 23 April 2015 by AHC and the consultants commenced work on 4 May 2015. This time frame included approval process for TORs, employment contracts and visa approval. There was also responsibility for managing the relationship between SGP and DoT to ensure the agency was fully engaged in the process. The recruitment of the consultants was also complicated by the need to have premium ARF rates approved.

Department of Finance

The recently appointed EPSP Trust Adviser pointed to positive changes within the DoF Activities that enabled the Trust Accounting Branch to:

- work more effectively with DoT to recast the budget outcomes report on the trust fund, and
- access reliable information and properly assess claims that are submitted for payment from trust accounts.

Previous EPSP reports have commented on the reforms the Secretary for Finance had made since his appointment. This was supported by the Minister for Finance who has referred to poor communication between his Office and DoF in the past and the need for the bureaucracy and the political arena to work more closely together.

The DoF Secretary has also taken steps to establish stronger links with other agencies encouraging better working relations with provincial Treasury staff at the DoF annual conference held in Lae in June.

Cash Management

Earlier this year the International Monetary Fund (IMF), on behalf of DoT, undertook a review of Cash Management from a whole-of-government perspective. A number of the recommendations related to the Cash Management Branch within Financial Controls Division. DoF assisted by the EPSP adviser developed terms of reference to respond to these recommendations. The IMF contracted a consultant for twelve weeks in June 2015 to build a sustainable cash management group within DoF, establish efficient practices for

monitoring and management of expenditure and cash flows, and develop linkages between the Financial Controls Division of DoF and the Public Debt Committee of DoT and the Central Bank.

A major achievement in Cash Management Branch in this reporting period was the replacement of cheques and the use of direct debits to accounts. This reduced much of the stress on staff as there were no longer large numbers of people demanding 'the cheque' remitting funds to districts.

Integrated Financial Management System

The Integrated Financial Management System (IFMS) system is critical to lasting improvement in trust processing and reporting. The advantages of using IFMS are considerable. It provides a controlled environment and a common repository and central database of all trust account activity to facilitate compliance and reporting. There is a greater opportunity to ensure reconciliations through system controls and the ability to import bank statements and automate the first steps of the reconciliation process.

The system has been rolled out to several agencies with much work yet to be completed. DoF accounts only are processed on IFMS: five royalty accounts, Public Expenditure Financial Accountability (PEFA), IFMS and the Internal Audit Account. PM&NEC is the only other GoPNG agency to be 'well along the way' to processing its payments using IFMS.

Trust Accounts

The Trusts Accounts are unable to use the specialised Trust Accounting system adopted by DoF because:

- the system does not provide the full range of functionality and does not meet Trust Account business rules
- there is no training provided with this system
- a hybrid system, built with dummy warrants and Trust Fund Certificates, was developed, but is not suited to trust processing and reporting.

The IFMS has been rolled out without a Trust Module. PGAS provides a 'simple' system and it is preferred by agencies. The EPSP adviser and the IFMS team are developing a training program and business processing rules for the specialised system.

Department of Prime Minister and National Executive Council

Integrated Financial Management System

The IFMS, the area of least progress in PM&NEC, provided the most focus for the EPSP adviser during this reporting period. Past attempts to strengthen finance systems and internal controls have faltered due to delays and problems with the implementation of the IFMS. Ongoing poor compliance in procurement and expenditure processes is in part due to the inability to progress a centralised procurement project because of problems with IFMS implementation. Whilst PM&NEC meets its financial reconciliation and reporting requirements, it remains reliant on relatively complex manual systems to bring together information from PGAS and Alesco and it remains heavily adviser dependent.

The IFMS implementation at PM&NEC has been both a cause for concern and an opportunity to resolve long-standing problems with the system.

The IFMS in PM&NEC went 'live' in February 2015 discovering a range of inconsistencies and errors.

Box 3: IFMS implementation challenges at PM&NEC

- Opening Balances are incorrect. IFMS-PGAS has never been reconciled by IFMS/DoF. Closing Balances for 2014 are different to the Opening Balances in 2015 in IFMS. IFMS have 'replicated' the error identified by PM&NEC and noted that General Ledger rollover balances at 2014 close and 2015 open vary in IFMS for all agencies and all accounts. The discrepancies appear to be a result of postings being done in prior year/s after year-end rollover/opening balances have been completed.
- Reconciliation processes don't work; the system configuration for various 'profiles' don't provide the correct reconciliation options.
- PM&NEC cannot learn from other agency experiences with reconciliations of their drawing accounts because none are being completed, despite a number of agencies, including Finance, Treasury and National Planning using the system for a number of years. The only

reconciliation being completed in IFMS is the FMIP Trust Account.

- Reports from IFMS provide varying information about expenditure depending on which report is run and which user runs them. There is very limited system knowledge/expertise within DoF/IFMS.

PM&NEC Adviser Quarter Report June 2015

These 'issues' raised by PM&NEC are real and recognised now by IFMS at DoF. Finance is now recruiting qualified staff and is working collaboratively with PM&NEC to resolve problems. The EPSP adviser at PM&NEC has provided valuable knowledge about system weaknesses such as opening and closing balances in a non-threatening way. The adviser will work with the IFMS team at DoF together with the recently contracted EPSP General Ledger Adviser, placed with the General Ledger Branch of DoF. The agreed tasks are to identify the underlying causes of system problems and processes; to document and carry out necessary corrective action; establish revised policies and actions for future agency roll-outs; and take corrective actions for those agencies already 'live'.

4. Government Is More Informed, Transparent and Accountable

EPSP continues to support the strengthening of accountability and scrutiny processes in key GoPNG agencies such as the AGO, Public Accounts Committee (PAC), IRC and DNPM through adviser placements, research and reviews, and M&E workshops.

Auditor-General's Office

The EPSP Provincial Service Performance Adviser contributed to the completion of two important reports during this reporting period. The Service Delivery Performance Review and the AGO Performance Methodology Report raised critical constraints affecting resource allocation at the district level, misuse of DSIP funding and disproportionate funding limiting development in remote areas. The reports also raise concerns about the introduction of DDAs.

Box 4: District Development Authorities

The introduction of District Development Authorities (DDAs) increases the role of district administrations with a compensating decrease in the role of the Provincial Administrations despite years of capacity development to improve provincial performance. An additional K5m in DSIP funding is made available once a DDA is in place. Most Districts are busy establishing DDAs.

The DDA will result in an increase in the number of staff working at district level. It was expected that staff would move from provincial administrations to the district to help with this expansion. This has not taken place so far. Most districts have vacancies and unable to attract suitably qualified technical staff such as engineers and surveyors.

AGO auditors have noted the general low level of competency in district administrations and the various planning and budget committees. The Joint District Planning and Budget Priority Committee (JDP&BPC) meet either infrequently or are 'rubber stamps' for decisions made by the Open Member.

The JDP&BPC is replaced by a Board for DDAs. However the same people who were members of the JDP&BPC are now members of the Board. The difference being that the DDAs have more responsibilities and access to greater funds.

The establishment of DDAs also has implications for other agencies. For example, DoF is yet to make changes to the PFMA to reflect the DDAs and Finance Instructions have not been issued to make provision for the DDAs. This will impact on District Treasuries. The Auditor-General's Office will also have a greatly increased work load. Each of the 89 DDAs is a statutory authority and as such has to be audited.

In summary additional roles, responsibilities and powers together with an additional K445m a year are being applied at district level, a level at which, generally speaking, performance is already poor.

AGO Adviser Quarter Report 2015

The Auditor-General has approved the establishment of a unit within the Provincial and Local Level Government Audit Division to manage audits of DSIP and DDAs and embeds the review methodology within the agency.

Public Accounts Committee

Advisory Assistance

The EPSP Legal Adviser with the Public Accounts Committee (PAC) Secretariat prepared nine new complex Inquiries in this reporting period for tabling in Parliament. Full Inquiries were listed by PAC in June 2015, but deferred to allow the Secretary and PAC members to attend an overseas conference. These Inquiries are relisted again for July 2015.

The national lawyer position remains unfilled at the Secretariat despite many attempts by EPSP to appoint a suitable person. The work is seen as difficult by potential applicants with a high level of security risk. It is not seen as a long term career option by many national lawyers.

The PAC Bill, which gives PAC stronger powers and consolidates its statutory base from four Acts to one was expected to be tabled in Parliament early in 2015, but delayed in Committee. The Prime Minister has pledged his support to reintroduce it.

Quiet Diplomacy

The PAC Chairman, Secretary and EPSP Adviser continue to develop relationships and to foster and offer a trusted and independent source of information, records, evidence and memory to Secretaries and Ministers to recommend and force reform and accountability.

The results of this 'quiet diplomacy' by PAC has led to troublesome areas in agencies addressed and officers removed and non-performing projects and contractors brought under control. For example, DoF, DoT and Department of Lands officers, in the past, simply did not deliver PAC summonses and Notices to Produce to their respective Secretaries. Much closer cooperation now exists with DoF and DoT officers and contractors regarding financial areas such as IFMS; Trust Management (specifically third party Trust Accounts) and unauthorised expenditures; internal failures of communication in DoF; statutory reform; redrafting of finance management legislation;

and sub-national finance management and accountability.

PAC attributes change in these areas to the on-going and effective work of Australian aid advisers in GoPNG agencies.

PAC Recommendations

Recommendations and findings of PAC, according to the EPSP Adviser, are now read and understood by reform-minded Ministers and used as authoritative Parliamentary statements and in reports. The Minister for Lands has accepted PAC recommendation to remove all Ministerial delegations in order to bring the Department under control. It is notable that of ten national priorities set by the IMF, six are direct quotes from PAC reports produced over the last eight years:

Box 5: National Priorities of PAC

- Modernisation of the PFM legal framework.
- Completion of the roll-out of IFMS.
- Stricter discipline on the use of trust accounts and their replacement.
- Robust frameworks for managing and monitoring the financial position and fiscal risks of SOEs, statutory bodies, and provinces.
- Preparation by DoT of a comprehensive database on government loans, guarantees and Provincial Pre-Commit System (PPS).
- Improved systems of cash forecasting and cash management, including a cash management unit, timely bank reconciliation, expanded coverage of the Waigani Public Account (WPA), timely recording of tax payments in IFMS, enhanced use of Kina Automated Transfer System (KATS), and a universal chart-of-accounts.

PAC Secretariat Reports 2008-2015

Internal Revenue Commission

The EPSP Change Management and Governance Adviser continued to mentor the Commissioners and executive managers such as HR to restructure of the HR Branch to Divisional status and creation and appointment of 135 new positions in this reporting period;



development and implementation of Specific Induction training for new and current staff; and setting the strategic direction and priorities for IRC Corporate Plan activities and budget submission for 2016.

Zero Tolerance to Corruption

IRC has been at the forefront of GoPNG agencies promoting a 'zero tolerance' policy to corruption and corrupt practices within the organisation assisted by the EPSP Integrity and Investigation Adviser.

Statistics collected by IRC for six months to June 2015 indicate that twelve corruption matters were investigated and charges drafted or termination notices prepared. This is a productivity improvement and reflects the will of the Assistant Commissioner to embed continuous improvement within the Internal Investigation Unit.

The latest iteration of the IRC Fraud Awareness advertisement in the print media was released during Quarter Two with positive feedback from senior GoPNG officers and the PNG Loop News Website.

M&E Capacity Building

Monitoring and evaluation (M&E) is a further mechanism available to government to be informed, promote and achieve transparency, and to be accountable to citizens and donors for expenditure and improvement in service delivery.

EPSP has shifted the M&E workshops from a single focus on central agencies to include provincial based workshops achieving much better value for money and increased opportunities for district staff to participate and acquire M&E skills and knowledge. Manus, Morobe, Sandaun, East New Britain, West New Britain and Central Provinces have requested training.

EPSP continued to provide basic and executive monitoring and evaluation training in association with PLGP in 2015. Three 5 day

basic workshops took place this year: Port Moresby (13 males and 8 females) in March; Manus Province (20 males and 4 females) in April; and Lae (13 males and 6 females) in June.

A two day workshop was conducted in Port Moresby (10 males and 3 females) in April and a further workshop was held in Port Moresby (17 males and 11 females) in June.

These workshops were attended by central agencies such as DoT, Department of Higher Education, Research, Science and Technology (DHERST), Department of Labour and Industrial Relations (DLIR), Transport, Department of Implementation and Rural Development (DIRD), Magisterial Services (MS), IRC, DPM, Correctional Services (CS), NDoH, Autonomous Region of Bougainville (ARB), Public Prosecutor, Village Courts, Constitutional Law Reform Commission, Police, Public Solicitor, and PNG Immigration and Citizenship Authority (PNGICSA).

Provincial and district officers from Education, Agriculture, Fisheries, Planning, Community Development, Commerce and Industry, HR, Finance as well as LLG Presidents and ward councilors also attended workshops.

M&E skills and knowledge developed in the workshops are successfully transferred to the workplace.

- The Sandaun Provincial Monitoring team conducted a social audit of DSIP, PSIP LLGSIP and PIP expenditure after participation in a basic M&E workshop.
- Staff from Morobe Province developed and implemented an impact evaluation of the provincial scholarship scheme after M&E training. The evaluation report was used by the Provincial Administration to refine the policy and procedures to support Morobe students attending tertiary institutions.

Department of National Planning and Monitoring

The EPSP Monitoring and Evaluation Adviser located at DNPM assisted with the development of a first ever draft national monitoring and evaluation framework (MEF) during this reporting period.

A series of important steps were taken in this reporting period to produce the draft MEF:

Consultation

The draft MEF was presented to key sector agencies, development partners, civil society organisations, and private sector representatives at four consultative workshops for comment and validation of the MEF.

Leadership

The DNPM Secretary and Deputy Secretary for Policy were actively involved in the consultations and the Minister for National Planning and Monitoring supported each stage of the MEF formulation.

Collaboration

Further consultations were held with DPLGA, DIRD and other sector agencies to confirm institutional arrangements and M&E roles for sectors and agencies. These meetings helped to remove information sharing barriers that have existed in the past between agencies. Arrangements for pilot testing of the MEF toolkit with sector agencies, provinces and districts was agreed to and set to commence in the second half of 2015.

Connecting the Public Sector with its 'Clients'

EPSP has broadened its engagement with civil society and the private sector to promote improved interactions and relationships between government and the people that it serves.

EPSP, in addition to Tanim Graun, commenced innovative communications initiatives such as web based e-news, public opinion surveys (POS), action research (AR) and district accountability initiative (DAI) that enable civil society voices to be 'more widespread and louder' and for government to have more information about development gaps and issues identified by men and women in Papua New Guinea.

Tanim Graun

Tanim Graun (TG) is a successful monthly forum organised by EPSP for government, private sector and community to share views about social and economic issues in PNG.

The program works with local private sector companies to record, produce, broadcast and distribute the program. TG is continually refreshed and is now more inclusive of

regional and remote views with recent innovations. It now includes:

- a filmed segment for each forum called 'Tok Auts' which aims to provide a national platform for remote voices
- two way public communications with live viewer SMS texting added to EMTV broadcasts.

TG continues to receive regular and good coverage in newspapers and social media sites after each broadcast. The Post-Courier (30 June 2015) commented positively on the quality of the TG panel discussing disABILITY and the emphasis of speakers on women and children living with disabilities. The Drum reported many of its readers commented: 'Tanim Graun is wooing a lot of them [subscribers] as it translates to keeping the system accountable'.

Communications Community of Practice

EPSP supports agencies to develop communications platforms through the Communications Community of Practice.

This support has consisted of training for GESI focal points and public relations campaign planning, the use of planning software and specific planning and design of the largest government website for DPM which not only informs the public of its services, but also allows Level 16 and above public sector positions to be advertised and applied for on-line saving cumbersome HR time in processing hard copy applications.

EPSP Communications

EPSP launched its new website earlier in the year and moved to disseminate its key messages in a more timely and effective fashion. The new system 'Mail Chimp' is an e-news platform embedded into the news site which rapidly delivers messages to a growing database of subscribers using hyperlinks to other websites, videos, viewed on smart phones and uploaded to recipients and third party social media further extending the reach of newscasts. A recent EPSP news item on the Manus M&E training was forwarded to a further 151 people by just one subscriber alone. A range of agencies have expressed desire to have the same web based e-news distribution system implemented as part of their public communications programs.

Knowledge Generation

EPSP has conducted an active research program since 2011 including studies on service delivery, capacity development, women in leadership, and public expenditure in earlier EPSP reports. A PNG Labour study was completed in early 2015 and further research activity involving key issues to inform GoPNG; mobiles for development, a GESI study in Abau, district public opinion surveys, and the district accountability initiative commenced and each activity progressed as scheduled during this reporting period.

PNG Labour Study

EPSP commissioned the PNG Institute of National Affairs (INA) to conduct a Labour Study of the supply and demand for labour in PNG. The final report was submitted to EPSP in February 2015. The study has demonstrated important processes to achieve useful research outcomes.

Engagement

INA presented the report to GoPNG Secretaries from DLIR, DPM, NSO, DoT, DNPM, Education, DHERST and private accounting firms for verification and feedback at the recent Human Resource Institute Conference in April 2015.

Relevance

The private and public sectors have responded well to the findings of the report relating to skills level shortfalls and education for adaptability; use of overseas employees, application or abuse of labour laws by the 'unregulated' market; the needs and failures of government and the private sector in the short and longer term; labour forecasting of needs and trends; and flexibility in a changing market.

Value Adding

The report has prompted collaborative activities with the public and private sectors. The DLIR Secretary has asked INA for on-going support for data collection and management processes such as administering the minimum wages process to enhance emphasis on productivity and local costs; ANU is conducting macro-economic analysis of the data; DHERST is analysing the data higher education planning; and Deloitte is analysing data on behalf of Total for the next LNG project in PNG.

Challenges in Research

The study provides the most extensive labour data for PNG since the 1980s. It suffers from the lack of reliable and timely macro-economic data, release of demographic data from the National Statistics Office, and reticence of multinational corporations to provide confidential employment and labour data for wider extrapolation of the data.

The communication challenge for INA is to extend the findings and the utility of them to a wider policy audience than HR specialists and selected public and private sector managers.

Issues Papers

EPSP has identified five Issues papers as part of its continuing research agenda to assist GoPNG: Economic Policy Development; Leadership in the Public Sector; Appointment of Executive Staff in the Public Service; Sub-National Cash Transfers; and Personnel Emoluments Expenditure.

The Issues papers are aimed primarily at informing the Chief Secretary and GoPNG of matters impinging on the effective work of government in PNG.

The papers are authored by independent researchers with previous and relevant experience researching in PNG. The studies employ a political analysis methodology to better understand formal and informal institutions affecting governance and power in PNG.

Two Issues papers were completed in this reporting period: Leadership in the Public Sector which focused on political and bureaucratic relationships and accountability of leaders in PNG, which points out the uncertainties of leadership in the public sector.

The other paper focused on Economic Policy Formulation raising issues around the integrity of the budget, functionality of agencies, and accountabilities for economic policy implementation.

Box 6: Reporting Corruption

In focus group discussions, users found phone access easy and quick to use. 90% of respondents said they would be happy to use the service again. 76% of respondents felt confident that the relevant authorities would investigate the cases they had reported. It was

suggested that further, repeated awareness campaigns about the service could be conducted within DoF. Reports received via SMS are handled by the Internal Audit and Compliance Division of DoF. Staff of that division said in a focus group that they need more staff and resources to be able to investigate cases being reported via SMS. They also said that a clear plan for the coordination of investigations would need to be developed before the service could be expanded to include other government agencies.

User Survey Report June 2015

Mobiles for Development

WHP Health Call Centre

EPSP continues to support a health call in the Western Highlands Provincial Health Authority, in partnership with the Health and HIV Implementation Services Provider.

The call centre is open to health workers and the general public.

The call centre received 463 calls in the first three months of operation: 113 were about about medical or maternal health issues; 174 were prank calls; and 176 were calls to confirm the call centre existed or to enquire about its services.

Scripts were developed for use by nurses based in the call centre for emergency calls; surgical; ear, nose and throat; obstetric and gynaecological; and child health referral procedures.

EPSP had supported the Childbirth Emergency Phone trial in Milne Bay Province. The Chief Executive Officer of the Milne Bay Provincial Health Authority has confirmed that the service continues to operate well and has proven to be cost effective and sustainable.

The call centre for Western Highlands Province is a more complex project, with promising early indications, but has issues regarding management, data reporting and analysis, promotional activities and sustainability. Annex 7 contrasts the two health help line models.

Phones against Corruption

EPSP conducted user experience research with DoF and the Provincial Capacity Building and Enhancement Project regarding the

innovative Phones against Corruption project. The project is only available to DoF staff to anonymously report corruption using mobile phone text messaging.

The DoF said public officials were keen to use the system to report wrongdoing.



The Phones against Corruption service commenced operation in August 2014. By April 2015, two public officials had been arrested for alleged mismanagement of funds worth more than K2 million. A further five officials are facing arrest, pending court decisions and a further 250 cases are being investigated.

GSMA Connected Women

EPSP co-hosted a roundtable for M4D practitioners in partnership with GSMA Connected Women.

The roundtable provided opportunities for women practitioners to share experiences, ideas, challenges and solutions. Projects discussed included call centres, toll-free hotlines and SMS quizzes. Technical issues included how to handle prank phone calls, send out SMS blasts, manage confidential information when client handsets are shared, and engaging telecommunication companies. At the end of the roundtable, an email group was formed, so that participants could share resources, contacts and solutions.

Financial Inclusion

EPSP also supported financial inclusion efforts through membership of an industry working group on electronic and branchless banking. The aim of the working group is to actively support innovative use of technology for scaling-up access to financial services and financial literacy, as part of the National Financial Inclusion and Financial Literacy Strategy 2014-2015. The working group organised a seminar at which the central bank's draft proposal for interoperability of platforms was presented and discussed in detail.

Appendix 6 lists papers presented and published relating to M4D initiatives supported by EPSP in this reporting period.

Action Research in Remote Districts

The action research project planned in late 2014 commenced in Abau District in Central Province in April 2015. It is a trial activity with a focus on improving gender equity in a district based on the strategies contained in the GESI policy.

The research is a collaboration of Australian and Papua New Guinean academic staff from Deakin University and Divine Word University.

The team made the first visit to Abau in April to generate interest in the project as a mechanism to empower citizens to take a greater role in local development and decision making.

The research component of the project focuses on understanding the formal and informal factors contributing to the positioning of women in Abau in the context of five action research areas.

Box 7: Action Research in Abau District

Awareness

The project was based on awareness and discussions with the local member for Abau, Sir Puka Temu, Minister for the Public Service and the Central Provincial Administrator and the District Administrator for Abau. Permissions were given by stakeholders to approach the Abau community.

Consultation

The initial awareness visit in Abau created a great deal of interest as people quickly saw the opportunity to take a greater role in development activities in the district and volunteered to participate in the project.

Collaboration

Five action research projects are now underway focusing on women's health; women's literacy; girls and education; violence in the home; and local economic empowerment for women.

Research Team Report June 2015

An additional evaluation by the team of the usefulness of a closed user group (CUG) to connect the research team and the action research groups through regular calls. This is an important element of supporting the participants in their AR work, and for any potential roll-out of AR in remote districts in the future. By the end of the project, the research team will provide useful advice and recommendations around the use of mobile telephony in action research.

The action research team emphasised the growth in women's empowerment in the district.



Public Opinion Surveys

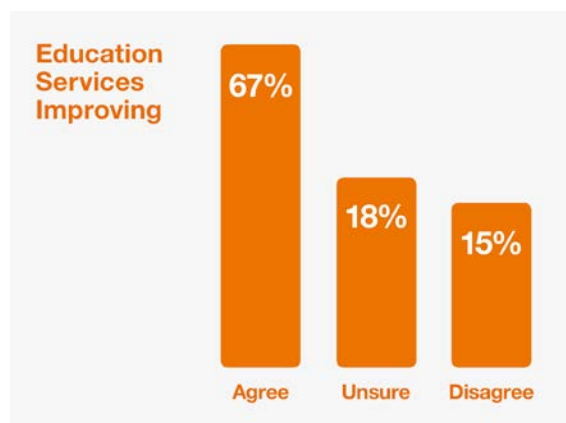
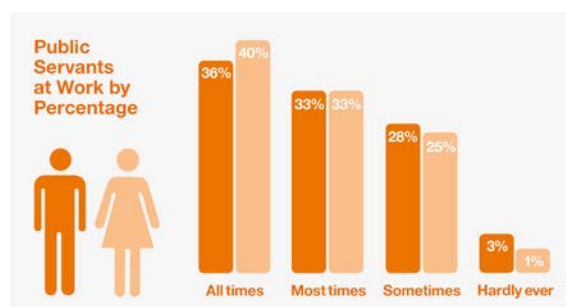
EPSP successfully conducted one of two planned innovative pilot public opinion surveys in Alotau District in Milne Bay. The second pilot in Unggai-Bena District in the Eastern Highlands Province was scheduled for late June, but had to be rescheduled for July due to insufficient local awareness activity taking place.

The Alotau survey has shown that a lengthy survey of 22 questions can be sent using mobile phones and SMS technology to remote districts in PNG and recipients respond.

A total of 10,000 mobile phone users were sent an invitation to participate in the Alotau District survey of which 1,337 accepted the invitation (13%) and 1,148 (76%) completed all questions in the survey. The participation and completion rates are extremely high for public opinion surveys conducted anywhere in the world.

Preliminary analysis of the data has been provided to the stakeholders in Alotau District including the Local Member and Minister for National Planning and the Provincial and District Administrators and LLG Presidents.

Figures 2 and 3 illustrate the kind of data provided by respondents and the potential sensitivity of questions approved by stakeholders.

Figure 2: Status of Education Services – Alotau District**Figure 3: Attendance of Public Servants – Alotau District**

EPSP considers the careful planning and identification and involvement of all stakeholders in this activity as the major reasons for the success of this activity.

Box 8: Achieving Success

The process commenced with the Chief Secretary selecting the two pilot districts based on an initial awareness and selection of ten districts with DPLGA and PLGP.

Awareness and Consultations

The Provincial Administrators were approached and the survey form reviewed and permissions gained. A similar activity occurred with the District Administrators who also brought in Local Level Government Presidents who reviewed the survey, made suggestions for improvement.

Collaboration

The LLG Presidents conducted two weeks of awareness about the survey encouraging people to complete it. The final step was to approach the local member for Parliament and gain permission.

Incentives

Permissions were given by stakeholders with a clear understanding that the survey questions aimed at identifying gaps in development, aid district planning and the allocation of resources rather than criticism.

200 respondents were placed in a lucky dip to receive a K5 top up if they completed all survey questions.

EPSP Briefing Report June 2015

District Accountability Initiative

A District Accountability Initiative (DAI) is an innovative approach being developed by EPSP, PLGP and the Consultative and Implementation Council (CIMC) to assist grassroots people, and others, who have genuine grievances with the public sector about the delivery of its mandated services. It builds on the current District Development Authority legislation which gives districts greater responsibility for procurement, contracting and service provision.

EPSP has discussed these ideas with DPLGA, SPSN. The purpose of a DAI is the rapid administrative resolution of service delivery complaints at a district level.

The Consultative and Implementation Council (CIMC) has agreed to work with EPSP to promote and develop the initiative. The proposal is a four step approach:

1. Conduct **data gathering** in five districts in PNG to collect case studies focusing on successful and less successful strategies adopted by individuals and local communities to achieve improved service delivery at the local level.
2. The **case studies** to be analysed to understand and to develop successful graded actions that can be taken by citizens to achieve improved services.
3. A **training program** to be developed which is delivered to districts to inform citizens and bureaucracies of rights and obligations in relation to mandated service delivery and graded actions to achieve improved services.

4. A **district accountability mechanism** will be established in the five districts once these steps have been completed in the pilot districts.

Further development of this activity is subject to AHC approval.

5. Policy and Regulatory Settings are Supportive of Sustainable Broad Based Growth

EPSP has not been directly involved in macro-economic development as this is the domain of SGP. EPSP's role supports broad-based economic development through assistance to agencies such as IRC and issues to do with tax revenue and policy. The PM&NEC also plays an important role in economic development and policy formulation. Mention was made in an earlier section of this report about three EPSP Tax Consultants with DoT who developed policy and background papers for the Tax Review Committee.

PM&NEC

The EPSP Policy and Legal Adviser with PM&NEC continued to provide high level policy and legal advice to the Chief Secretary to the PNG Government. For example:

- Advice was provided to the Chief Secretary on the Report by the Constitutional and Law Reform Commission on the Organic Law on Provincial Governments and Local level Governments.
- Further advice and drafting of the Lae City Authority Bill and proposed Mount Hagen City Authority Bill was provided by EPSP. It was difficult to get the necessary Ministerial attention to resolve some of the policy in the Bills until Parliament resumed in May, and the Lae City Authority Bill was finally passed.
- The Morobe Governor not support the Bill: '... the DDAs and the Lae City Authority were confusing the roles and responsibilities of the Provincial Government, districts and LLG'. The Act is most likely to be tested in court. Legal advice was provided by the Adviser on the likely ramifications of passing the Bill without full support. The Prime Minister

and Minister for Intergovernmental Relations are working with other members of Parliament to settle the matter.

There has been little impact on policy development and initiatives whilst the Chief Secretary was on leave during April to June 2015 according to the EPSP Adviser. This was attributable to two factors:

- **strong political will** ensured some policy matters remained on the agenda (such as Lae City Authority, Hagen City Authority and to a lesser extent the implementation of the DDAs and the Organic Law on the Sovereign Wealth Fund).
- **the efforts of other actors** such as the Deputy Secretary for Policy, First Legislative Council, the Parliamentary Liaison Officer and relevant departmental heads: DJAG and DPLGA came together as a team and collectively managed the issues and the processes.

6. Effective and Efficient Whole-of-Government Service Delivery Systems

EPSP employs a whole-of-government approach to deliver certain desired outcomes. Two examples demonstrate the effectiveness of the approach - GESI and HR CONNECT.

Gender Equity and Social Inclusion

EPSP's work on Gender Equity and Social Inclusion (GESI) derives from the DPM National GESI Policy. This sets the guidelines for the Public Service to introduce GESI principles into agency policies and workplace practices.

GESI continues its impressive activity and workload during this reporting period. DPM with assistance from EPSP advisers have established GESI in ten provinces: WNB, Gulf, Madang, Sandaun, Oro, Morobe, Manus, WHP, EHP and ARB and nine agencies: IRC, DLIR, DfCD, DoF, DoT, PM&NEC, DPM, Department of Works (DoW) and DNPM.

The following illustrate issues faced with the introduction of GESI across the public sector.

- Three agencies: DNPM, DPLGA and PM&NEC have been slow to take up GESI. GESI officers have made small inroads by working with middle managers to introduce focal points but these officers

do not have sufficient influence needed to effect mainstreaming opportunities at this stage.

- On the other hand Law and Justice sector agencies are making progress and the Commissioner for Police advocated GESI principles at the national conference in Lae in June.
- The PNGIPA Director intends to appoint a full time GESI manager. The Institute hosted the GESI Executive Manager Conference in June referred to in an earlier section of this report. Annex 6 has the full report.

Disability Initiatives

GESI is an inclusive activity and Tanim Graun conducted a disability program in June 2015. The program with panellists: Secretary for Community Development, Director of Callan Services, Director National Board for Disabled Persons, Manager from Assembly of Disabled Persons and disability advocates from the private sector explored questions relating to existing and developing policy frameworks, policy development, cultural understanding and familial supports, government and private sector initiatives and rights of people living with disabilities.

Male Advocacy Network

The Male Advocacy Network (MAN) remains a strong group supported by other significant men in PNG. The support of the DPM Secretary has added much to the MAN initiative.



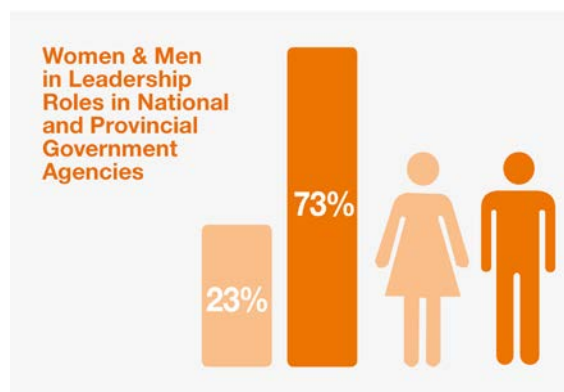
The group, at the last meeting in June, decided to focus on developing a set of standards for male advocacy and embedding that in the new General Orders. Further inputs for male advocacy are planned in 2015 with Phase 1 training for new male advocates planned for August 2015.

GESI continued to engage with the private sector such as Exxon Mobil and Oil Search each seeking advice and stimulus materials about the MAN approach for use within those organisations.

Women in Leadership

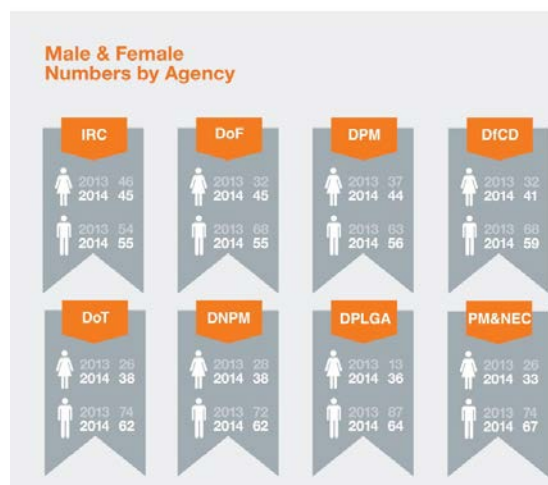
The Women in Leadership group chaired by Dame Carol Kidu continued to monitor the employment of women in the public sector. Figure 4 shows the percentage of males and females holding decision making positions in the public sector at Grade 16 and above.

Figure 4: Women and Men in Leadership Roles in National and Provincial Government Agencies



Improved data produced from the DPM Management Information System (MIS) supported by the EPSP HRMIS Adviser clearly indicates the disparities in the participation of women in the PNG public service. The total workforce on the payroll in June 2015 is 109,358: an increase of 2% since December 2014 consisting of 65% males and 35% females; the same proportion as December 2014. Figure 5 indicates that several agencies (DfCD, DoT, DNPM, DPLGA and PM&NEC) continue to employ a disproportionate number of males in the agencies.

Figure 5: Percentage of Women Employees in Selected Central Agencies



The Gender Community of Practice is an important focus group to assess how agencies are progressing and its influence on agency standards of practice. Box 10 provides a striking example of how an agency from the CoP is attending to GESI issues.

Box 9: Dealing with Sexual Violence

A victim of sexual harassment brought a case to management at IRC. The MAN advocate who holds an executive position in IRC demoted the officer for the proven offence. The perpetrator retaliated by bringing police into the workplace who arrested the complainant and a witness. The Commissioner-General of IRC has formally written to the Police Commissioner about the behaviour of the police. On three fronts this exercise and events are particularly valuable. Firstly that the complaint was made, it was dealt with appropriately by a man trained through GESI and the agency head is taking this victimisation on as well. It indicates a willingness to address this behaviour in a way that is best practice and IRC staff will learn from it in handling future matters.

GESI Adviser Report June 2015

DPM drives GESI and has the management profile, power and authority to implement change throughout the public service. GESI's success has been dependent on the following set of actions.

- The Secretary's Circular Instruction 8/2014 remains one of the most important pieces of work undertaken by GESI in which GoPNG agencies are forced to fund positions at a senior level as GESI managers to implement GESI policy.
- DPM has rejected agency requests for restructure until a GESI unit is included.
- The DPM GESI Branch manages the GESI help desk, meeting regularly and managing complaints. It sets a strong example to other agencies, but requires technical assistance in differentiating between HR and GESI complaints.

HR CONNECT Oro Pilot

The Independent Review of the HR CONNECT Program noted that 'Component 3 (Staffing and Establishment Control Project) remained the biggest challenge to the successful delivery of the HR CONNECT program'.

EPSP and PLGP in partnership responded to this concern and established a Staffing and

Establishment (S&E) Review pilot activity in Oro Province in October 2014.

The findings of the S&E review in Oro Province reported in May 2015 exceeded initial expectations. The pilot project was achieved with expenditure well below the estimated budget. Review findings will require strong leadership to resolve.

Major findings identified strategies for capacity enhancement, Alesco HR Payroll system controls, and improved monitoring and reporting. Savings of K330,000 were made and potential savings were also identified in the order of K6 million per annum for this small province.

Implementation of this methodology across the PNG Public Service will provide provincial and agency senior managers, human resource and finance staff with a clear method for improving the monitoring, evaluating and reporting of staffing and establishment and associated personnel emolument data.

Box 10: Oro S&E Review Findings

Leave fare payments are subject to wholesale corruption including the cashing out of the airfares.

Off-line payments have limited transparency as calculations are done outside the Alesco system and the details to support the payments are usually not available or may not have been properly approved.

Data cleansing was completed in 2013 for both Provincial Administration and Popondetta Hospital and 1PPP implemented to control of staffing numbers.

Other: The previous Popondetta Hospital CEO's contract expired in 2004. A new appointment was made to the position. The previous CEO has remained on the payroll and received fortnightly payments for the past 11 years!

The work of the pilot project in Oro continues. There is a need for improved collaboration between DPM, DoF, DoT, DPLGA and Oro Provincial Administration to satisfactorily complete the work. Greater collaboration will assist in the provision of PGAS data, control of budget appropriation for casual staff, joint ownership of HR Payroll over expenditure, removal of 95 unattached officers, and retrenchment of 14 staff identified in 2005.

The project identified the required actions to be taken to resolve these issues however a poor

leadership mostly from the Oro Provincial Administration, the Oro Hospital management and DPM to take appropriate actions prevents the potential savings identified in the report to be fully achieved.

There is reluctance by leaders to implement actions because of vested interests not to change the prevailing practices of delaying decisions in the interests of others. The advice from EPSP advisers and the PMO is for system changes such as capping the number of unattached officers permitted by each province and as unattached officers are terminated, or reassigned to an approved position, to lower the cap each time this occurs until there are no longer unattached officers in the public sector.

7. Learning

This section reports on learning that has emerged from the analysis of recent work by EPSP with public, private and citizen sectors in PNG.

Research, Analysis and Understanding

EPSP has conducted a series of research projects since 2011. The studies have provided valuable understanding of issues for a range of stakeholders including GoPNG agencies, AHC, EPSP and PLGP. Just as important is the collaborative nature of EPSP's research agenda which has now been extended from partnerships with overseas academic and research institutions to developing citizens and local communities as researchers.

Generating New Knowledge

Research continues to be promoted by EPSP in 2015. Current research activities focus more on provincial and district issues and the role and viewpoints of citizens consistent with changing approaches by PNG and Australian Governments. Data that is emerging from the public opinion surveys and action research, for example, reveal new knowledge and understanding of the strengths and weaknesses of local development policies, planning documents and implementation schedules and elaborate on the roles and responsibilities of the range of players in local development.

Relevance

There are clear implications for politicians and bureaucrats at provincial, district and local government levels, and the private sector, from current research activities around planning, resource allocation and the value of increased engagement with citizens.

Communicating Research

Effective communication of research outcomes has long been an issue for research. Research data traditionally has been restricted to academic journals and high powered meetings. EPSP is accessing new technologies to communicate its research findings more effectively through e-news and interactive websites and mobile phones.

The PCaB study was well researched and written, but not promoted well enough to be implemented by DoF at this stage. The design, stakeholder identification, including motivations of stakeholders, and permissions gained to proceed was not adequately considered to properly underwrite the acceptance and implementation of the findings of the report.

Challenges

The INA Labour Study has highlighted the difficulties of doing speedy research in PNG. The work of others is often out of one's control and access to important sources of information and data is not always readily available. GoPNG agencies lack a culture, or expertise, in research, and rely on untidy manual collection and poor storage of data. Delays occur which impinge on the timeliness and relevance of well researched findings.

Stakeholder Identification

Political and Bureaucratic Interest

Successful programs conducted by EPSP have occurred where there is strong key political and bureaucratic involvement and understanding of an activity. The role of the Chief Secretary and DPLGA were crucial at the beginning of several EPSP activities currently underway. Provincial and district administrator support is equally important. Local administrators have an interest in successful development activities and 'easily open doors and gates' for donor based activities.

The public opinion surveys conducted by EPSP this year have created much interest amongst bureaucrats. They have indicated the value of the survey data for planning and realigning resource allocation to local level governments. Politicians and bureaucrats have requested EPSP to conduct further surveys in other districts as soon as possible.

The success of the initial survey in Alotau District is mostly due to a process that identified and actively involved all stakeholders in the activity from the beginning to end. Stakeholder engagement with provincial, district and local level government, the local member and the community ensured the success of the activity.

This inclusive process invariably develops strong relationships between players and underwrites the success of development activity.

Awareness and Understanding

Excluding people from activities and especially new initiatives can easily jeopardise the success of an activity. EPSP advisers have found that without full awareness and understanding of an activity by all staff in an organisation, resentments and covert actions to undermine the activity can occur. Local politics, envy and refusal to change taken-for-granted practices often account for delays and the successful completion of development activities.

There is a need for contractors and advisers to develop appropriate and deliverable communication strategies to provide open and regular communication of the aims and objectives and progress of activities and programs with all office staff throughout the entire project lifecycle.

A key lesson learned from the experience of the WHP Health Authority Call Centre is that publicity of a new initiative needs to be managed very closely. Too much publicity can mean that call centre staff are overwhelmed with calls, whereas too little publicity can mean that a service is not well utilised.

Communications and New Technologies

The EPSP communications strategy utilising new technologies such as websites, e-news, YouTube and Facebook has greatly broadened the awareness, understanding and reach of the work of the program. Software now enables EPSP to track the spread of newsletters and promotional material and gain a better understanding of the value and reach of communication strategies.

A key learning with the development of the website has been that the introduction of non-intimidating, easy to use, technology that allows ownership and effectively engages local staff. The new DPM website developed by EPSP has been populated and built by DPM staff with no programming knowledge required through an Oracle Content Management System in contrast to the old site which was difficult to manage resulting in lack of ownership and few updates.

There is an increasing demand from agencies for the PMO to provide more services in communications, web design and information technology. This requires a re-thinking of the function and services the PMO provides.

Generating Dialogue and Debate

People's Voice

EPSP has shown that opportunities for people's voices can be effectively provided through activities such as action research and public opinion surveys.

The effective use of new technologies by EPSP helps to overcome the disempowerment of people in contrast to conventional strategies of holding irregular meetings, or 'significant others' speaking on behalf of others.

Stimulating Discussion

Discussions in PNG require an environment in which people are comfortable to contribute. Hierarchies in the bureaucracy are important and observed and discussions will not take place where there is no acceptable leader present.

Private Sector Delivery Mechanism

EPSP engages with the private sector in a number of ways such as assistance with software development for the public opinion surveys and the delivery of the surveys by a mobile phone company. GESI engages with the mining companies and M&E workshops are conducted by a private sector training provider.

There may be additional ways for EPSP to engage with the private sector more aligned to these policy directions, e.g. improving the business enabling environment and innovation and partnerships. EPSP will arrange for further consultations with AHC on this matter in the near future.

Program Management Office

While the program has aligned its activities with the four pillars of the PGF design, it remains in an 'in-between' state; it has long gone beyond its original EPSP design from 2009, but is yet not under the umbrella of a new program. This has allowed for great flexibility, especially around the development of state-citizen accountability initiatives. It has also made the program vulnerable to ad hoc requests from stakeholders and in the absence of a clear framework and direction, has made it difficult to argue in favour or against such requests.

Conclusion

EPSP continues to provide high quality long term advisory and short term consultancy services to nine GoPNG agencies consistent with its original design brief during the past six months. The program is focused on agencies that are chiefly concerned with improved use and management of public financial resources. The program is also attuned to increased competencies amongst public servants through the Precinct and strengthening accountability across the public sector.

Research and analysis commissioned by EPSP has played a significant role in informing GoPNG and AHC of the effects of particular policies and practices of the public sector and made recommendations to improve public financial management.

EPSP has developed innovative activities to improve opportunities for citizens to voice their views about development and progress at district levels. The first trial public opinion survey was completed satisfactorily and action research is well underway in a trial district.

Tanim Graun, GESI and M4D have each continued to evolve and generate change for improvement in development issues in PNG during this reporting period.

EPSP will continue to respond innovatively in developing and implementing a governance program at the central agency level. The program will assist in the transition to a new governance facility including the documentation of current learning.

The transition period and the preparations for the transition period will draw heavily on the Program's resources with adviser positions to be re-scoped and advertised, activities to be transferred to the PGF and clear decision making processes established in the period after the PGF has commenced.

EPSP staff looks forward to the next six months and providing appropriate and innovative development solutions to the GoPNG on behalf of the Australian government.