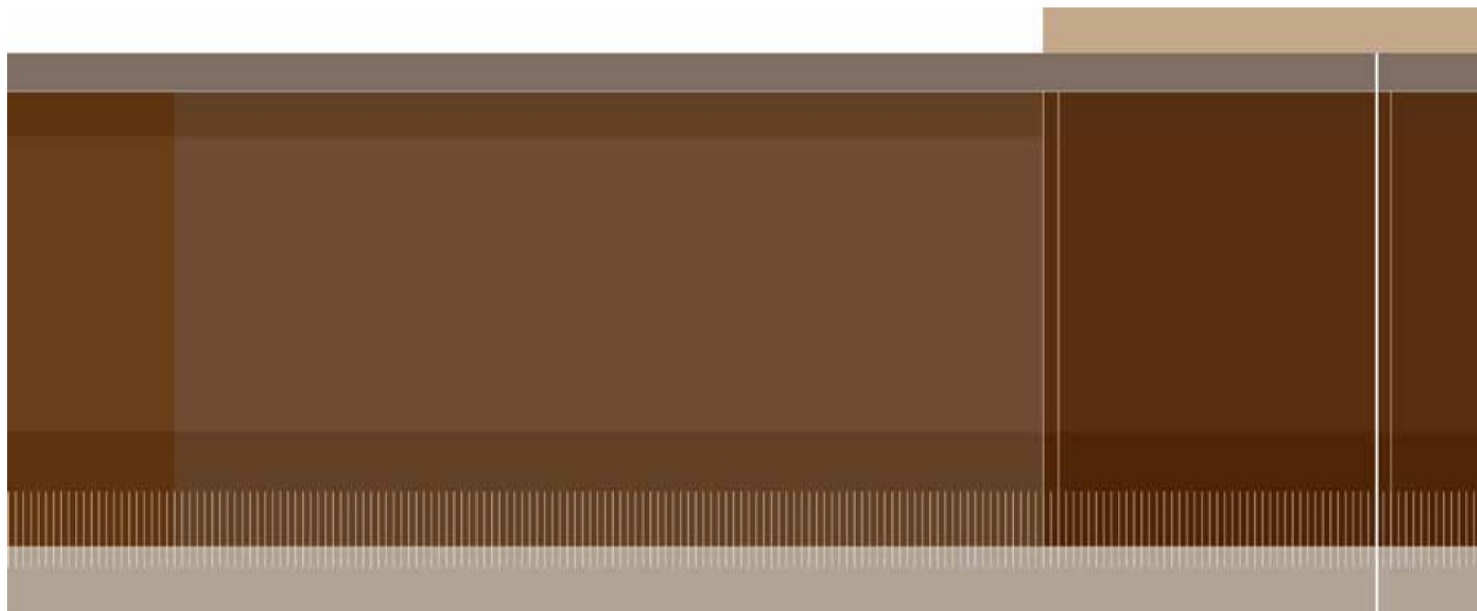

Papua New Guinea

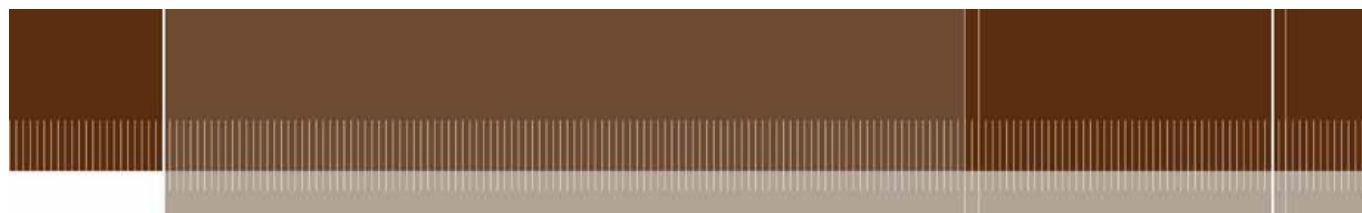
Annual program performance update 2006-07



Australian Government

AusAID

Office of Development Effectiveness



Preface	v
Summary	vii
Chapter 1: Results	1
1.1 Papua New Guinea's development performance	1
1.2 AusAID PNG Program performance.....	3
1.3 Lessons learned from reviews and evaluations.....	12
1.4 Implications for PNG Country Strategy	13
Chapter 2: Program quality.....	15
Chapter 3: White Paper implementation.....	17
3.1 Anti-corruption	17
3.2 Forms of aid.....	17
3.3 Joint donor activity	17
3.4 Making use of national systems	18
Appendix 1: Development performance – selected indicators	21
Appendix 2: 2006 PNG Program sector allocations	22
Appendix 3: PNG Program APPU methodology	23
Methodology and process	23
Issues and constraints	23
Appendix 4: PNG Program performance – assessment of sector programs	25
Law and justice.....	25
Economic and public sector governance.....	25
Democratic governance	25
Sub-national strategy	25
HIV/AIDS.....	26
Infrastructure	26
Health	26
Education.....	26
Rural development and private sector growth	26
Disaster management.....	26
Performance review and dialogue	26
Appendix 5: PNG Program reviews and evaluations.....	28
Acronyms and abbreviations	34

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Preface

This first annual program performance update (APPU) for the Papua New Guinea (PNG) Program comes at the end of the first year of the Development Cooperation Strategy (DCS) 2006–2010. The DCS was developed through a collaborative process with the PNG Government, informed by Australian whole-of-government engagement. It signalled a different way of operating in PNG, with mutual commitments on both sides to focus more on development outcomes, to plan within total domestic and aid resources, to push further alignment with PNG's plans, to use PNG systems more extensively, and to encourage a wider range of partnerships. Active engagement with Australian whole-of-government agencies continues to inform the way in which strategy and policy issues are taken forwards. In line with PNG's fiscal year, data in this report cover calendar year 2006 unless otherwise noted.

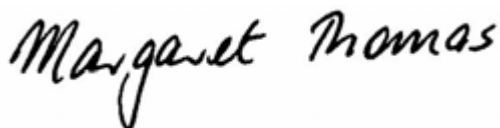
This report builds on a substantial body of analysis undertaken in the first half of 2007. The PNG Program set out a comprehensive approach to performance assessment in February 2007, primarily for program management purposes but also to strengthen dialogue with the PNG Government and to lay the groundwork for the preparation of this report. Extensive written material was developed before a management meeting that brought together the conclusions from that analysis and developed recommendations for areas of further work, enhanced whole-of-government engagement and better cross-program coordination in 2007 and beyond. Table 1 shows the hierarchy of assessments of which this APPU forms part.

Table 1. PNG Program assessment hierarchy

Aid Program / White Paper	Mandatory	Annual Report on Development Effectiveness, presented by Mr Downer to Parliament.
PNG Development Cooperation Strategy (DCS)	Mandatory	Annual Program Performance Update. Country-level assessment produced by PNG Group and subject to peer review.
DCS objectives; White Paper themes		Assessments of progress towards 4 DCS 'development objectives', 4 DCS 'enabling objectives' and 5 White Paper themes prepared.
Sector programs (e.g. health, education etc.)		11 sector performance reports prepared
Individual activities/initiatives	Mandatory	Quality Reporting System: 40 PNG Program initiatives assessed on quality at implementation

The DCS does not currently contain measurable objectives. These will be developed in the second half of 2007. In the meantime, we have developed ratings on progress at sector and objective levels which are based on thorough analysis, but are necessarily subjective.

We are committed to a joint review of the DCS with the PNG Government in 2008. The review will, among other things, provide an opportunity to adjust the program to accommodate the agreed policy directions of the new PNG Government that will be elected in the coming weeks. The annual program update next year will provide a valuable input to that review.



Margaret Thomas
Minister Counsellor
2 July 2007



Catherine Walker
Assistant Director General PNG Branch
2 July 2007

Summary

The macroeconomic performance and stability of Papua New Guinea (PNG) continued to improve during 2006, significantly assisted by record mineral revenue inflows. The near-term macroeconomic outlook remains favourable, and PNG is contributing more development spending. However, while some aspects of public financial management have improved markedly, others remain weak, and public administration reform has stalled. PNG is making a more concerted effort to track progress against its development objectives, but the story is not uniformly encouraging. Progress in the macroeconomy, fiscal management and resource allocation is yet to translate to widespread improved development. PNG is a long way from meeting most of its development targets.

The joint PNG–Australia Development Cooperation Strategy (DCS), now one year old, directly addresses and supports the implementation of PNG's own development goals. A key strength is that its objectives are pitched at the level of the fundamental development challenges facing PNG: improving governance, generating broad-based growth, improving service delivery and tackling HIV/AIDS. In a program of the scale and scope of the Australian aid program in PNG, we must ensure that our program teams, operating at sector level, keep the bigger picture and cross-sectoral challenges firmly in mind. The joint commitments in the DCS to aligning the two governments' development resources and to strengthening and increasingly working through PNG systems are also fundamental to building trust and achieving development outcomes.

Australia has contributed to improved macroeconomic and financial management and the performance of the institutions of accountability. We have strengthened the performance of provincial administrations, promoted the beginnings of reform of sub-national government finances, improved and helped rationalise resource allocation in the transport and law and justice sectors, and driven the creation of a single PNG-led national fight against HIV and AIDS. International partnerships have facilitated PNG access to Global Fund and Clinton Foundation expertise and finances. Without Australian aid, advances in primary school enrolment would not have taken place, and basic medical supplies would be in shorter supply than they are (although overall education and health services have not met demands). The sub-national program has demonstrated the potential development impact of improved governance at provincial level. Australia's Church Partnership Program and community development programs have built the capacity of PNG civil society.

Within sectors, our move to program approaches takes into account lessons learned about the weaknesses of stand-alone projects in PNG. Program approaches are not a panacea, but they offer the best chance for us to agree on and sequence actions to tackle the fundamental problems. They also provide for a more flexible mix of inputs, timed to meet developments on the ground, and the potential for more effective PNG leadership of its own development agenda. As part of the analysis behind this update, we have identified areas where we can improve our performance: developing further our own and PNG's performance assessment systems; helping PNG better integrate its development and budget planning; articulating how our aid activities can better improve the welfare and status of women; building an expanded engagement with the sharp end of service delivery at sub-national level; and improving links between state and non-state service providers. We also need to test parts of our approach further (for example, we need to know how we can best use technical assistance).

Notwithstanding our confidence that our strategy is the right one for the long haul, the fact that PNG is not developing on the ground – even in an environment of macroeconomic stability and modest economic growth – means that we must constantly review our assumptions about how declining development indicators will be reversed. One of PNG's central development challenges is to convert resource revenues into development across the country by means of the budget and national and sub-national public administrations. While we do work with churches and other civil society organisations, a key assumption of the DCS is that the performance of PNG's public sector can rise to the challenge. More work is needed to address this assumption, including the articulation, by the PNG Government, of a monitored public sector reform plan that we can support. We also need to equip ourselves with a deeper analysis of the cost of better service delivery and what PNG can afford, and make the most of Australia's presence in central, sector and sub-national agencies to promote collaboration on

development.

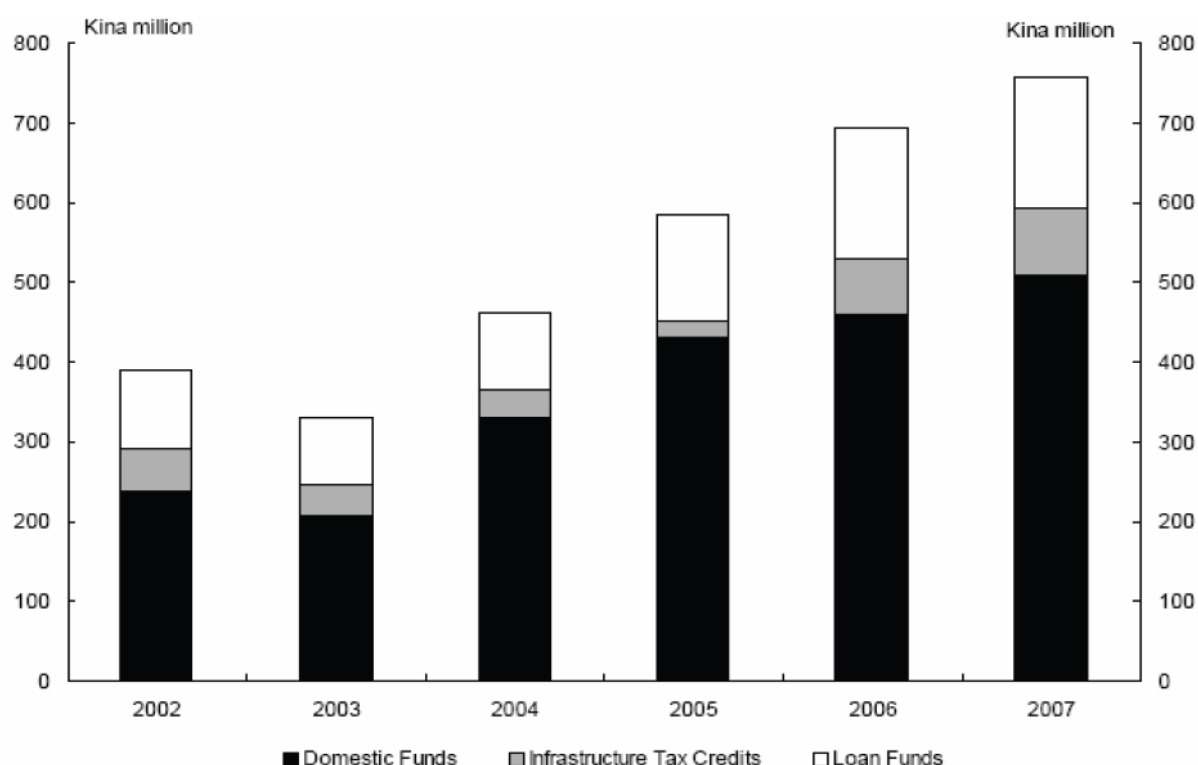
An immediate priority in the remainder of 2007 is to engage the new PNG national government that will emerge from July 2007 elections in discussion on national priorities. This discussion will help us to sharpen the objectives of the country strategy and lay the foundation for our support to the planned 2008 mid-term review of PNG's Medium Term Development Strategy (2005–2010). That review will precede and be closely linked to a mid-term review of the joint DCS, scheduled for the second half of 2008.

Chapter 1: Results

1.1 Papua New Guinea's development performance

The policy platform of the Papua New Guinea (PNG) Government was set out in its Program for Recovery and Development (2002) and fully articulated in its Medium Term Development Strategy (MTDS), fiscal and debt strategies and Strategic Plan for Public Sector Reform 2002–2007. The MTDS sets out seven expenditure priority areas¹ and a series of governance reforms to underpin delivery in the priority areas. The reforms include macroeconomic and fiscal stability; better public expenditure management and rationalisation; strengthened accountability; public sector reform; and improved intergovernmental arrangements.

Figure 1. Government of PNG contribution to the development budget



Papua New Guinea's macroeconomic performance and stability continued to improve during 2006, significantly assisted by record mineral revenue inflows. Growth was 3.7 per cent and accelerating, but not yet significantly ahead of population growth of 2.7 per cent. Inflation remains around 3 per cent, foreign exchange reserves have built to about US\$1.5 billion, and external debt has been reduced to about 43 per cent of gross domestic product.² The near-term macroeconomic outlook remains favourable, and revenue from the natural resource sector coupled with high commodity prices is expected to contribute to growth and fiscal surpluses over the next 12 months.

PNG has maintained fiscal discipline over the past five years and is paying a greater proportion of its own development budget (Figure 1). The 2007 Budget allocated 53 per cent of the total budget to MTDS priorities, compared to 48 per cent in 2005. This includes two supplementary 'windfall' budget allocations for

¹ Transport infrastructure; promotion of income earning opportunities; basic education; informal adult education; primary health care; HIV/AIDS prevention; law and justice.

² Papua New Guinea: 2006 Article IV Consultation, IMF Country Report No. 07/111, March 2007.

infrastructure rehabilitation in development priority areas.³

Progress at the 'operational' level has been more mixed. Public expenditure management has areas of strengths and weaknesses. An internationally comparable Public Expenditure and Financial Accountability (PEFA) analysis for PNG in 2006 indicates a wide range of scores. For example, monitoring of expenditure payment arrears scored 'A' on a scale from A to D, whereas reporting on trust accounts and internal audit processes scored very poorly. Control of the payroll, which is not linked to financial management controls, is a specific area of concern.⁴ Links between the budget and sector strategies are generally weak, although funds release to sector agencies is now timely.⁵

Progress on public administration reform was meagre in 2006. Beyond the central agencies, the performance of the major sector departments and the provincial governments in delivering services and access to markets is highly variable, with few obvious examples of clear performance improvement. *Progress in the macroeconomy, fiscal management and resource allocation is yet to translate to widespread improved development.*

The PNG Government developed a performance management framework for the MTDS in 2006, encouraged by AusAID through the strategy's performance review and dialogue mechanism (see below).⁶ This is a substantial step towards tracking MTDS commitments and giving policy makers the evidence they need to allocate resources. While there have been improvements in some basic indicators, *PNG is a long way from meeting most of its MTDS targets.*⁷

There has been a decline in medical officer visits to health centres; the percentage of supervised births remains static; and essential medical supplies are not available in health facilities for almost half of every year. Primary school enrolments doubled in the decade to 2005, and the gross enrolment rate for years 1 to 6 is put at 77 per cent.⁸ School inspections have increased, and there are more qualified primary school teachers. However, the net enrolment rate is thought to be much lower, and primary completion rates appear to have fallen.⁹ The proportion of girls in primary school has remained static or has decreased in recent years.¹⁰ Child vaccination rates are improving and national roads are reported as being, on average, in better condition.

The PNG Government's decentralised system pushes the main service delivery burden onto poorly resourced and supported local government agencies, which are struggling to provide services. Obstacles include some poor leadership and management at national and provincial levels, bottlenecks in financial flows, and weaknesses in partnerships between different levels and agencies of government. Organised demand for better services is patchy and will take a long time to evolve. Improving service delivery in the short term depends partly on making better use of service delivery partners outside government, but crucially *on public sector reform to improve the leadership, accountability and motivation of headquarters and front-line staff.*

3 Health, education, transport infrastructure, and law and justice.

4 See *Public Expenditure Review and Rationalisation (PERR) aide memoire*, December 2006 for discussion of this issue.

5 *PERR aide memoire*, December 2006. See also 'Review of 2005 functional grant expenditure by provincial governments', National Economic and Fiscal Commission, October 2006.

6 Government of PNG's MTDS performance management framework (PMF), detailing data from 2001 to 2005, draws attention to government performance in public sector reform and financial management, governance and macroeconomic management; and key linkages between the PNG Government's overall objectives and development outcomes. Reporting of the MTDS PMF will be on an annual basis, and inform reporting to Parliament on the progress of MTDS implementation.

7 For selected examples, see Appendix 1.

8 National Department of Education, *Annual report*, 2005.

9 *EFA Global Monitoring Report*, 2007.

10 National Department of Education, *Annual report*, 2005; c.f. *EFA Global Monitoring Report*, 2007.

1.2 AusAID PNG Program performance

Australia's aid to PNG is guided by the Papua New Guinea – Australia Development Cooperation Strategy 2006–2010 (DCS), which is aligned with PNG's own MTDS and MTFs (Medium Term Fiscal Strategy). The alignment of the DCS and the MTDS reflects a partnership between PNG and Australia, with a specific focus on supporting the PNG Government to use its resources to implement the MTDS.¹¹

Figure 2. Grants, by source (K million)

	2005 estimate	2006 estimate	2007 projection	Change
AusAID	1053.0	711.0	688.4	–22.6
JICA (Japanese International Cooperation Agency)	110.4	50.6	26.8	–23.8
European Union	77.5	115.1	50.1	–65.0
New Zealand	23.2	36.5	36.2	–0.3
China		43.2	31.6	–11.6
United Nations			33.7	+33.7
Others	19.0	37.6	12.2	–25.4
Total project grants	1283.1	994.0	879.1	–114.9

Source: 2007 PNG Budget, Vol. I, PNG Department of Treasury.

Total Australian assistance to PNG included A\$292.7 million (K713.9 million) in bilateral expenditures in 2006.¹² This amounted to 15 per cent of PNG's public sector resources, and just 11 per cent of the actual revenue and grants because of the large minerals windfall. AusAID's financial assistance was two-fifths of the total K1687.2 million 2006 development budget¹³ and two-thirds of PNG's external grants (see Figure 2).

The PNG Program comprises nine major program areas, including a new sub-national program, at various stages in a transition to fully program-based approaches (a breakdown of the program by sector is in Appendix 2). Program implementation is fully devolved to one of AusAID's largest overseas offices, supported by a significant number of staff co-located in central and provincial PNG agencies.

Our ability to make a concrete assessment of progress in 2006 is constrained by the lack of specific, measurable DCS objectives. However, as outlined in Appendix 3, program management and staff have undertaken a thorough performance assessment featuring 40 activity assessments, 11 sector performance reports (SPRs) and 14 cross-cutting analyses. The SPRs have been externally contested and reviewed by management, leading to the PNG Program management team to determine program performance ratings based on:

- whether we have a clear and sound sector strategy in place or under development
- the performance of activities across the sector portfolio.

These assessments and a brief narrative for each sector (see Appendix 4), show generally good to satisfactory performance, but highlight three sectors – two among our smaller programs – where we recognise the need for substantial further work.

In addition to assessing progress at the level of the four DCS development objectives, the PNG

¹¹ *Papua New Guinea – Australia Development Cooperation Strategy 2006–2010*, AusAID, 2007.

¹² This figure for actual bilateral flows through the PNG Country Program in calendar year 2006 does not include regional, global or other flows (e.g. Australian NGO core funding). Total flows for Australian financial year 2006–07 were estimated at \$332.2 million.

¹³ 2006 PNG Development Budget, 1st quarter budget review report, prepared by Department of National Planning and Monitoring.

management group also felt it important to assess progress on some of the ‘enabling objectives’ which underpin the philosophy and joint nature of the DCS (see Table 3). The performance ratings are based on a subjective but consensus assessment of whether:

- we have a clear, articulated plan to meet the objective
- SPRs and cross-cutting analyses demonstrate specific outputs and outcomes that clearly contribute to achievement of the DCS objective

Table 2. Development Cooperation Strategy objectives assessed for the APPU

Development objectives	Improved governance and nation building	Sustainable broad-based growth and increased productivity	Improved service delivery and stability	Strengthened, coordinated, effective response to the HIV/AIDS epidemic
Enabling objectives	Alignment of PNG and donor resources	Integration with and building capacity of PNG systems	Effective partnerships with and beyond the PNG Government	Progress towards gender equality

1.2.1 Improved governance and nation building

Improved governance is vital to PNG’s development prospects. Good governance involves sound democratic and state institutions and a participative and vibrant civil society with confidence in the state. *Australia’s strategy focuses on public sector reform as being central to improving governance*, with a specific focus on public financial management, public administration reform and adherence to the rule of law, including improved accountability and anti-corruption enforcement. Support for *strengthened democratic governance* involves addressing both state and civil society capacity and promoting partnerships.

Strengthening public financial management was a priority focal area for the public sector reform efforts of the PNG and Australian governments in 2006. Technical assistance, including through the Enhanced Cooperation Program (ECP) and especially in the areas of budget processes, expenditure management and audit capacity, has contributed to the PNG Government’s improved fiscal performance.

Key PNG Government outputs and outcomes to which we contributed in 2006 included¹⁴:

- delivering the 2006 supplementary budgets and 2007 Budget in line with PNG’s fiscal and development strategies, and approval of the *Fiscal Responsibility Act 2007*
- with the Asian Development Bank (ADB) and the United Nations Development Programme, supporting the Department of Finance to introduce a new whole-of-government integrated financial management system, although progress has been slower than expected
- introducing a performance management system for all departmental heads and provincial administrators
- establishing audit committees and internal audit units in large spending agencies, with appropriate training and with internal control audits in Finance
- closing non-essential trust accounts and those considered to be sources of unappropriated expenditure, and ensuring tighter controls for trust accounts
- clearing a backlog of more than 12 000 unassessed tax returns (from a taxpayer base of 30 000).

A mid-term review of the Advisory Support Facility in 2006 demonstrated that progress has been made, through a range of technical assistance programs, on coordination and dialogue across government on public financial management, resulting in the production of better budgets for line agencies and

¹⁴ Summary of outputs and outcomes from ECP economic and public sector reform quarterly reporting in 2006.

increased audit capacity. *Strong budget outcomes for law and justice agencies demonstrate recognition by the PNG Government of strengthened and well-coordinated agency performance resulting from AusAID support*, illustrated by an increase of 9.91 per cent in 2006 for the total recurrent budget for law and justice sector agencies.

Improved accountability and anti-corruption efforts were promoted in 2006. The program contributed to the Auditor-General's Office clearing a backlog of audits of public accounts, including for provincial governments, from 2004 and 2005 and paving the way for the active operation of the Parliamentary Public Accounts Committee. Support for state accountability has contributed to the steady increase in the number of leaders referred to Leadership Tribunals by the Ombudsman Commission over the past three years¹⁵ (with 60 per cent convicted in 2006, compared to 17 per cent in 2005) and to the recruitment of additional Ombudsman Commission officers as a result of a 17 per cent increase in the office's recurrent budget. The re-established National Anti-Corruption Alliance, funded by AusAID, launched its first investigation in 2006 into the Southern Highlands Provincial Administration, leading to 18 arrests.

However, *public administration reform stalled in PNG in 2006 and our support did not have the intended impact*. Work with the Department of Personnel Management failed to produce significant results in cleansing and managing the payroll.¹⁶ Our support for the Public Sector Workforce Development Initiative has moved at PNG's own pace, and more slowly than envisaged. The inability of the Department of Personnel Management to establish appropriate line department structures constrains improved service delivery across a range of sectors. Continued strategic engagement on these issues will be a high priority when a new PNG Government is in place.

Nevertheless, *we are supporting important policy, strategy and capacity improvements across a range of sectors and for provincial governments*. We have assisted the Minister for Justice to develop a White Paper on law and justice setting out a reform agenda for the Justice Ministry. AusAID support has improved the quality and coverage of Treasury-led quarterly budget reviews of provinces. Sixty-five postgraduate scholarships (of a total of 130) are offered to public sector candidates each year, along with 13 Australian Leadership Awards in 2006. For example, New Ireland Provincial Planner, Mr Austin Reddy, is using skills and experience gained through study and work attachments in Australia to prepare district and provincial development plans.

With officers co-located in three provinces in 2006, *AusAID has helped to bring about improved budgeting, planning and program implementation in support of approved corporate plans*. Modest budget support for the provinces is tied to progress in implementing corporate plans. The incentive effect provided by our support encouraged a further six provinces to prepare corporate plans in 2006 and to commit to PNG's Provincial Performance Improvement Initiative for 2007.

A key challenge for strengthening democratic governance in PNG in 2006 was to *prepare for the 2007 national and local-level elections*. Support to the PNG Electoral Commission enabled the establishment (for the first time) of the Government Interdepartmental Electoral Committee for the 2007 election, and fostered greater influence for the commission within the government (demonstrated by the government's full funding of the commission's election management and coordination budget request). We also supported civil society involvement in an extensive pre-election awareness program across PNG. The PNG Electoral Commission faced significant new challenges in delivering the 2007 election, including a new voting system and electoral roll, so prospects for effective 2007 elections were uncertain. *However, on balance, the PNG Government was better prepared than in 2002*.

Australia is supporting an *enhanced civil society role in PNG's development*. The Church Partnership Program has significantly boosted the institutional governance of PNG church agencies. This support has allowed the seven participating churches to manage health, HIV/AIDS and education services better and has increased their credibility and ability to influence government. For example, in 2006 the Lutheran Church had major input into the development of a new lower primary school curriculum. Similarly, an internal evaluation of the Community Development Scheme found that organisational development

¹⁵ Three in 2003, four in 2004, six in 2005 and ten in 2006.

¹⁶ HR/Payroll Business Systems Project activity completion report, August 2006.

processes led to effective management of 25 civil society organisations.

Looking forwards, a priority will be to support a revitalised public sector reform agenda with the new PNG Government, supported by a more coherent joint strategic framework for our economic and public sector governance assistance. Broadening and deepening support for the Provincial Performance Improvement Initiative, and finalising a single, integrated strategy for democratic governance, are also key 2007 tasks.

1.2.2 Sustainable broad-based growth and increased productivity

PNG's MTDS identifies broad-based economic growth as a priority to be achieved by:

- reducing impediments to investment and doing business
- improving market access
- enhancing agriculture, forestry and fisheries productivity.

The DCS outlines targeted support for these objectives, including:

- supporting an improved macroeconomic, policy and regulatory environment
- addressing key constraints for the private sector – security risks and access to markets
- enhancing rural productivity, including through better access to financial services and agricultural technologies
- supporting workforce skills development.

Australian support has facilitated successes mainly in the enabling environment for growth and in transport infrastructure. There are good examples of other support for growth in rural areas, but if we are to achieve more widespread direct impact on rural livelihoods and on private sector development these elements of the program will need clearer Australian strategies and more active engagement.

Australia has helped to foster the environment for growth through ECP support for sound macroeconomic policy, for example by helping to significantly reduce PNG's public sector debt. However, whole-of-government analysis of progress to date underlines a substantial agenda of microeconomic reform and reduction in regulation still to be undertaken.

Developing a culturally sensitive system for land reform is highlighted as a key enabling issue. An important success in support of the enabling environment for growth has resulted from 'hands-off' funding for the PNG National Land Development Taskforce. In November 2006, the PNG National Executive Committee (Cabinet) approved a major land reform initiative to implement the findings and recommendations of the taskforce for administrative, legal and institutional reforms to land management. This was a significant milestone, as all previous attempts at land reform in PNG have failed. The new initiative commenced in 2007.

Regular transport services and serviceable roads, wharves and airstrips are crucial to PNG's growth prospects, given its overwhelmingly rural population, reliance on agriculture and fisheries for rural livelihoods, and difficult terrain. Australia's decade-long involvement in the transport sector and continued dialogue on resource allocation issues contributed to increased budget allocations in 2006 for maintenance, and to policy coherence across the sector. Australia assisted the development of PNG's National Transport Development Plan 2006–2010 and supported the establishment of a PNG Government coordination committee for implementation of the plan. A key input to this process was an AusAID-funded study setting out an *economic prioritisation of transport infrastructure* and helping to identify institutional blockages and resource requirements for the sector. As a result of coordinated donor approaches to PNG on overall sector priorities and total resources, it is now much more difficult for any PNG Government to leave priority investments to donors while using its own funds for politically

determined investment. AusAID funds in the transport sector supported the maintenance of a 340-kilometre section of the Highlands Highway and 600 kilometres of the Bougainville road network. An additional 200 kilometres of the national road network has also been maintained to a trafficable standard with Australian assistance, providing income opportunities and contributing to the recommencement of economic activity.

AusAID support for the rehabilitation of the cocoa industry in Bougainville helped the province regain its status as PNG's largest cocoa producer, which it lost when conflict erupted in 1988. An independent review showed that AusAID's Bougainville Cocoa and Copra Dryer Rehabilitation Project had improved income opportunities for women and producers from disadvantaged areas.¹⁷

An independent assessment of Australian support for the National Agriculture Research Institute concluded that the support had been essential in the institute becoming a competent institution capable of contributing to PNG's development objectives.¹⁸

A key challenge for 2007 is to better define Australia's role and strategy for rural development and private sector development to match the scale of our assistance. This work will build on existing partnerships with the Australian Centre for International Agricultural Research for rural development and with the ADB and World Bank Group for private sector development. Low-key support for the Land Development Taskforce to implement the Cabinet-approved initiative will continue. Policy dialogue will be pursued with the new PNG Government on appropriate policies for broad-based growth. In the transport sector, attention will need to be paid to addressing emerging public and private sector capacity constraints in the environment of increased PNG Government resourcing through recent budgets, as we move our support from a focus on roads to a whole-of-sector approach (including ports and airports). In 2007, the transport sector will implement the first (A\$30 million) performance grant under the DCS performance review and dialogue arrangements. The skills development agenda will be addressed through work towards the establishment of the Australia Pacific Technical College in the Pacific, including PNG.

1.2.3 Improved service delivery and stability

Efficient and effective *service delivery to the bulk of the population remains a central development challenge*, on which PNG's performance is highly variable. Both the PNG MTDS and the joint DCS highlight dysfunction and confusion over functional and financial responsibility and inequity of funding across the three levels of government as key constraints to service delivery. In response, *we are working to tackle these constraints and increase our support for service delivery systems at provincial and district levels*, while continuing our longstanding support for 'traditional' sector programs through national agencies. We are also committed to supporting special-case provinces (Bougainville, Southern Highlands and Western) and to supporting effective partnerships between state and non-state service providers, especially churches.

AusAID support for the work of PNG's National Economic and Fiscal Commission is targeted directly at tackling the dysfunction and funding inequities across the three levels of government. Studies of the costs of service delivery and responsibilities for it, and a review of intergovernmental financing arrangements, led in 2006 to the tabling in Parliament of key changes to provincial financing arrangements. The changes, when enacted, will better match funds to responsibilities, based on the actual cost of service delivery to different localities. Support from AusAID's sub-national program for implementing corporate plans is already boosting the effectiveness with which provincial governments use available resources to deliver public services.

PNG has doubled school enrolments over the past decade, but there are not enough school places to match the rising population and the demand for education. The focus on expansion is also having a negative impact on educational quality, with falling completion rates, increasing class sizes and declining gender parity in the classroom.

AusAID support for the education system aims to address both quality and access:

17 Bougainville Cocoa and Copra Dryer Rehabilitation Project independent completion report (ICR), draft April 2006.

18 ACNARS ICR, 2006, p. vii.

- In support of better quality, a major achievement in 2006 was the completion of PNG's first-ever standardised national curriculum, with supporting materials of international standard, for all PNG elementary, primary and lower secondary schools. Materials were distributed to 8000 schools and a teacher in-service plan was delivered to equip teachers to implement the new curriculum from 2007. Some 800 primary schools also benefited from funding for better school facilities in 2006.
- In support of education access objectives, Australia has supported significant strengthening of education administration, in the form of improved information, planning, financial and human resource management systems in the Department of Education. These reforms will also support the planned adoption of a sector-wide approach (SWAp) to education services in PNG.

The health sector is making insufficient progress to meet targets for almost all 20 national health indicators and is constrained by poor institutional leadership and performance. External support made little concrete difference in this environment in 2006. Nevertheless, we continued to work on the long-term foundations of a competent public health service and financed an increase in the program of outreach clinics, which resulted in higher rates of immunisation. AusAID also continued to ensure an emergency supply of health centre kits nation-wide, backstopping and filling gaps in PNG's pharmaceutical procurement program. A key success has been our active support for an increased international health system presence in PNG.

We also assisted:

- the establishment of the Clinton Foundation in PNG to support HIV/AIDS treatment
- participation by non-government organisations (NGOs) more widely in sexual health care
- acceptance by the Global Fund of a reformulated US\$20.8 million grant proposal for tuberculosis control¹⁹
- the development of an enhanced World Health Organization (WHO) rapid response capacity for emergencies and disease outbreaks in PNG.

The law and justice program has helped to increase access to justice for Papua New Guineans. For example, more efficient management of court cases has led to a significant reduction in case backlogs.²⁰ In 2006, the Waigani National Court (PNG's main national court complex) reduced its backlog of criminal cases by 73 per cent. Technical assistance also facilitated targeted training for 65 police, prosecutors and judges for amended sexual offences laws and increased the criminal justice system's ability to treat victims of gender-based violence appropriately. New integrated juvenile and adult court and lock-up facilities were opened in Sandaun province.

Key issues for supporting improved service delivery in 2007 and beyond include:

- deepening and broadening engagement with provinces through the sub-national program and building more direct engagement through sector programs
- coordinating across the aid program to address PNG system constraints, including in recruitment, procurement, infrastructure and accountability systems
- improving the quality of communication between line agencies, central agencies and provinces, promoted by Australian presence at each level
- continuing our engagement with the PNG Treasury on the need for increased recurrent

¹⁹ The Global Fund,

<http://www.theglobalfund.org/programs/Portfolio.aspx?CountryId=PNG&Component=TB&lang=en#>

²⁰ Law and Justice Sector Program annual report, 2006.

- resources to address capacity bottlenecks, coupled with support to line agencies to improve their expenditure management
- helping to improve the quality of links between state and non-state service providers
- analysing new approaches to building the capacity of PNG Government systems to implement the health SWAp, including support for provincial health service improvement programs
- building capacity throughout the legal system and support for systemic change in underperforming law and justice agencies, such as the police service.

1.2.4 Strengthened, coordinated and effective response to the HIV/AIDS epidemic

PNG has a generalised HIV epidemic with an estimated prevalence of 1–2 per cent. Rates of infection are increasing faster in rural areas than in urban centres. PNG has a good policy and institutional framework for a national response in the National Strategic Plan for HIV/AIDS 2006–2010. The National AIDS Council is the government body mandated to lead and direct the national HIV response, supported by its secretariat. Australia is working with government, civil society and the private sector to support the response.

Australia's central role in support of HIV awareness and prevention during 2006 resulted in the development of a single PNG Government annual plan and budget, supported by the donor community, and leading to a 318 per cent increase in PNG's allocation for HIV/AIDS prevention in the 2007 Budget. This process has been instrumental in strengthening partnerships between government, donors and civil society. AusAID co-financing agreements with the ADB and the Clinton Foundation have further strengthened the coordination of the HIV response.

Australia's HIV/AIDS Support Project, which was completed in 2006, laid a practical foundation for the new program approach. Among other achievements, the project supported the establishment of 30 voluntary counselling and testing centres and the training of 10 000 people in testing, counselling and home-based care. The project also supported condom distribution, the production of educational material, and provincial prevention programs.

HIV mainstreaming across the PNG Program also made significant progress in 2006, demonstrated by:

- the development of training documents for village courts, addressing how better to manage the increasing number of people living with HIV/AIDS
- the inclusion of HIV awareness training for Department of Transport and road contractor personnel, and communities in road maintenance project areas
- stronger links between provincial AIDS committees and administrations
- development by the Department of Education of action plans for its gender and HIV/AIDS policies
- cooperation between AusAID's Health and HIV/AIDS teams, supporting the integration of HIV programs into Health Department work plans and strengthening the department's capacity to address HIV
- support for churches in their critical role in tackling HIV/AIDS in PNG, including Catholic-run voluntary counselling and testing centres, which have conducted around 12 000 HIV tests.

Challenges for 2007 involve further integration with PNG systems and balancing the significant tension between the need for an 'emergency response' to this dangerous epidemic with the requirement to build capacity and work through weak PNG institutions. Promoting a more effective partnership among the

churches and NGOs working in HIV prevention is another priority. Importantly, the profile of HIV as a development issue needs to be raised further within the PNG Government to create a more strategic understanding of the links between HIV and development.

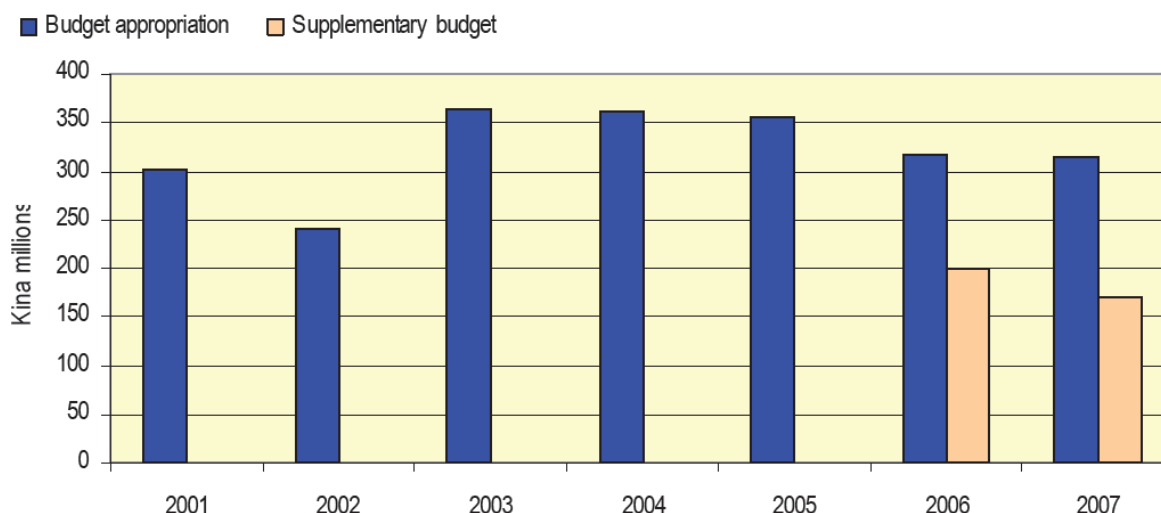
1.2.5 Alignment of PNG and donor resources

This objective refers both to PNG's obligation to lead the planning and implementation of programs to meet MTDS commitments and to direct increasing proportions of its own budget towards them, and to the obligation of donors to ensure that their programs support the achievement of PNG objectives. As shown in Figure 1, overall allocations to MTDS priorities improved in 2006 and in the 2007 Budget.

Australia's objective is increasingly to drive and to inform a dialogue about the total resources and operating environment required to meet MTDS objectives, and then to work on financing and institutional gaps. For example, in 2006 AusAID funded a study of the unit costs of education at all levels in PNG.

Advocacy and technical support by donors has led to additional budgetary allocations to transport (see Figure 3), law and justice, and HIV/AIDS.

Figure 3. Budget appropriations for PNG roads



Note: Budget appropriation figures obtained from Department of Works. Amounts are based on appropriations only and do not reflect actual spending. These figures do not include funds managed by other departments, donor funds or tax credits for road infrastructure rehabilitation.

Building on the SWAp in health, AusAID has promoted alignment through programmatic approaches in transport, education, HIV/AIDS and law and justice, as well as working within PNG's Provincial Performance Improvement Initiative.

The performance review and dialogue component of the DCS is designed to provide additional funds for budget priorities in the coming year, and a further entry point for dialogue on development priorities. It was agreed that the 2006 performance grant (A\$30 million) be allocated to transport infrastructure.

Priorities for AusAID include improving staff skills in understanding and using budget data, and improving links with Australian deployees in central agencies; and pursuing a dialogue with the PNG Treasury about the appropriate trade-off between a conservative fiscal stance and increases in development spending.

In 2006 and 2007 supplementary budgets, the PNG Government allocated more than K1 billion towards the refurbishment of the nation's transport, education, health, and law and justice infrastructure. A key task for AusAID in 2007 and beyond will be to work with all relevant government agencies to promote

the timely and effective use of these funds for a ‘once in a generation’ rehabilitation of PNG’s dilapidated public infrastructure.

1.2.6 Capacity building of PNG institutions and integration with PNG systems

Capacity development is important to the PNG Government, the stated political aim of which is to be able to reduce dependence on foreign technical assistance over time. Analysis of the SPRs suggests that capacity development is being taken seriously throughout our activities. The substantial scholarships program (costing \$15 million annually) also constitutes a major commitment to building the capacity of individuals. Where mechanisms have been set up to capture capacity-building outcomes, there is evidence of success across a range of programs: increased planning capacity in provincial governments, better management of development activities by churches, a cadre of accredited grassroots field workers, and individually successful adviser deployments in government departments.

However, there are also cases, including the scholarships program, where major capacity-building efforts do not yet have performance measures. More importantly, there is no systematic approach to assessing capacity deficits and applying suitable interventions in the way envisaged in the DCS. We intend to develop this approach further as a result of our management discussions and in the redesign of our scholarships program. The evaluation of the Advisory Support Facility and preparation of an economic and public sector governance strategy will give us an opportunity to review a key element of our extensive technical assistance and to reflect on how much capacity development can achieve in the public service in the absence of widespread reform.

A key to the aid program’s approach has been a conscious effort to strengthen and use PNG Government systems for policy, planning and budgeting; monitoring and reporting; financial management; and procurement. The current challenge involves better understanding how to strengthen those systems further, engendering confidence and increased usage by donors. We have good examples of integration with and use of PNG systems, including procurement systems, from the transport, health and law, and justice sectors, and now from the revised approach to fighting HIV/AIDS. We intend to develop further guidance for program managers on the scope for using PNG systems, and to examine ways to pursue further support for PNG’s public financial management and procurement institutions.

1.2.7 Effective partnerships with and beyond the PNG Government

Australia’s objectives in establishing partnerships are to promote positive change in PNG systems and institutions and to increase the range of partners we support to achieve development outcomes.

The period since the beginning of the DCS has seen sustained and more systematic discussion with the PNG Government about budget priorities and constraints to development, despite turbulence in the wider political relationship. This progress has been underpinned by the performance review and dialogue arrangements. The presence of deployees in central agencies has undoubtedly helped to influence policy and strengthen government systems. Co-location of AusAID personnel in provincial administrations has strengthened critical partnerships at the sub-national level and allowed us to target support in PNG’s decentralised system more effectively. By adopting programmatic approaches, we have set up governance arrangements that promote policy-level engagement and strengthen the voice of donors by unifying it and setting it in the context of decision making for the sector as a whole.

Support to local and national initiatives across churches, community service organisations, advocacy groups, agriculture industry bodies, research institutions and consultative bodies is a key entry point for Australia to the sizable non-government sector in PNG. Assistance includes funding to the Consultative Implementation and Monitoring Council (the only government mechanism for civil society participation in budget and policy development) and direct partnerships with the PNG Media Council and National Research Institute. Establishment of the PNG Australian Alumni Association provides networks with key PNG individuals and will promote discussion about development issues. Assistance for transport infrastructure involves the implementation of works contracts by PNG firms, and designing maintenance contracts into small packages to enable access to contracts by small local enterprises and communities. Private sector support for HIV awareness has occurred through the recently launched PNG Business

Coalition on HIV/AIDs, which is one of a network of Asia–Pacific business coalitions addressing HIV/AIDS in the region with Australian support. As a result of our management discussions, we will explore more substantive relationships with alternative providers of basic services.

The health and HIV/AIDS programs provide excellent examples of the benefits of a proactive approach to partnerships. AusAID leadership has brought the WHO, the Global Fund, the Clinton Foundation and a range of Australian NGOs together, drawing on their respective strengths and promoting more active involvement on health and HIV than would otherwise have been possible. We also played a key role in recommending a joint PNG–donor engagement, also involving the ADB and the World Bank, through the Public Expenditure Review and Rationalisation process.

1.2.8 Implementing AusAID's gender policy

The gender equality situation in PNG is parlous, and women's status is among the lowest in the world. Violence against women is endemic in many parts of PNG, and women often risk their health and safety if they claim equality. Despite PNG's signing of relevant international conventions, the commitment of PNG authorities to gender equality is variable. A lack of basic sex-disaggregated qualitative and quantitative data (which are not required for most cross-cutting gender indicators in the current MTDS performance management framework constrains the efforts of both AusAID and the PNG Government.

There has been some progress within our longer established sector programs (including education and law and justice) in integrating gender equality. However, no gender analysis was carried out for the DCS, and sectoral initiatives are not yet coherently linked through an overall view of how Australia should promote women's rights in the country.

There will be two major entry points for the integration of gender equality in the PNG Program in 2007: the formulation of the new democratic governance program and the implementation of a major new HIV/AIDS program. The HIV/AIDS program analysed linkages between HIV and gender equality, and articulated specific objectives to better address the linkages between HIV and social vulnerability, violence against women and access to decision making. The program envisages increasing the availability of sex-disaggregated data, developing a national gender strategy and associated implementation guidelines, and increasing gender training programs.

In 2007 we will develop a PNG Program gender framework to promote consistent and realistic approaches across the program. We will ensure that our DCS objectives, when further defined, capture differential effects of development programs on women and men. We will encourage the PNG Government to take the same approach.

1.3 Lessons learned from reviews and evaluations

Twenty-three program reviews or evaluations were conducted for the PNG Program over the 18 months to the end of 2006 (their findings are summarised in Appendix 5). Many highlight shortcomings in project-based approaches in the PNG context, including complexity of design; inappropriate pace of implementation and timing of inputs (including technical assistance); weaknesses of PNG leadership; and the difficulty of effectively addressing system-wide and sub-national issues through projects.

Other lessons include the following:

- We need strategies for engaging with dysfunctional institutions, and means to respond to critical needs while also maintaining an agenda to enhance capacity.
- AusAID needs to pay more attention to developing the capacity of partner agencies to do their own monitoring and evaluation.
- Beware of donor-generated reform overload.
- Beware of donor-generated reporting overload.

- Identification and availability of appropriately skilled and influential counterparts have a significant impact on the ability of an intervention to achieve objectives, particularly in whole-of-government issues such as Public Sector Reform (PSR).

The Health Services Support Program completion report contains especially relevant lessons for our transition to sector program approaches, given the program's pioneering role and difficult operating environment. The report highlights the need to be able to adjust the pace of reform to suit circumstances, increase our focus at the sub-national level, address human resource issues at both sector and whole-of-government levels, and involve all partners in design and review.

1.4 Implications for PNG Country Strategy

The DCS, now one year old, is the right strategy. It directly addresses and supports the implementation of PNG's own (highly appropriate) development goals. A key strength of the DCS is that its objectives are pitched at the level of the fundamental development challenges facing PNG: improving governance; generating broad-based growth; improving service delivery; and tackling HIV/AIDS. This is appropriate for the scale and scope of the Australian aid program in PNG. These objectives ensure that our program teams, operating at sector level, keep the bigger picture and cross-sectoral challenges firmly in mind. The joint commitments in the DCS to aligning the two governments' development resources and to strengthening and increasingly working through PNG systems are also fundamental to achieving better development outcomes.

We believe that the effectiveness of the program is improving. Recent independent reviews and evaluations highlight the many weaknesses of project-based approaches in the PNG environment, and point to the expected benefits of our ongoing transition to longer term approaches based on sector programs. Program approaches are not a panacea – as demonstrated by significant current problems in the health sector – but they offer opportunities to agree on and sequence actions to tackle fundamental problems. They also provide for a more flexible mix of inputs, timed to meet developments on the ground, and (as demonstrated in the law and justice sector) provide the potential for more effective PNG leadership of its own development agenda and programs. The education, democratic governance and economic and public sector governance 'sectors' will move from project- to program-based approaches in 2007 and 2008. We will also need to work further on strengthening linkages across the various development activities and sector programs.

Notwithstanding our confidence on strategy direction and program implementation, the fact that PNG is not developing on the ground – even in an environment of macroeconomic stability and modest economic growth – means that *we must be vigilant in testing and reviewing the assumptions underpinning this strategy and program.* One of PNG's central development challenges is to convert resource revenues into development across the country by means of the budget and national and sub-national public administrations. While we do important work through the program with churches and other civil society organisations, a key assumption of the DCS is that the performance of PNG's public sector can rise to the challenge. More work is needed to address this assumption, including the articulation by the PNG Government of a reinvigorated public sector reform plan that we can support. We also need to equip ourselves with *a deeper analysis of what better service delivery will cost and what PNG can afford*, and make the most of Australia's presence in central, sector and sub-national agencies to *promote collaboration on development outcomes.*

A specific task for the remainder of 2007 is to *define our strategy objectives better and to link specific, measurable objectives to a DCS performance framework*, linked in turn to the PNG Government's own performance frameworks. The PNG Program's second APPU, in 2008, will be based on this work. Given the wide spread of corruption in PNG and its impact on PNG's ability to improve service delivery, we will develop an anti-corruption strategy for the program, and seek a more explicit dialogue on corruption with PNG.

Looking further ahead, a key task in 2008 will be to *work closely with the PNG Government on the planned mid-term review of the MTDS.* That review will precede and be closely linked to a mid-term review of the joint DCS (scheduled for the second half of 2008), which will allow for further finetuning of the DCS

performance framework. However, before all these tasks, an immediate priority will be to engage the newly elected PNG Government to further our increasingly effective development partnership.

Chapter 2: Program quality

PNG participated in the Quality at Implementation (QAI) pilot in March 2007.

The results showed some variability but no specific trends across program sectors. The main issues were:

- *Monitoring and evaluation (M&E)*. In one-third of initiatives, there was no M&E framework or the framework did not generate usable information, either because of AusAID design processes or because we tasked implementing contractors to design a framework and were not satisfied with the result.
- *Sustainability*. For initiatives being delivered in the public sector, PNG Government resourcing constraints are a problem. Key risks involve low levels of recurrent funding and a failure to identify appropriately skilled and influential counterparts to champion activities.

We propose further discussion within AusAID on the definition of ‘sustainability’ for this exercise, given our commitment to a long-term, sector-level engagement in PNG. In most cases we see the strengthening of sector-level M&E frameworks as a prerequisite to better initiative-level M&E. We plan to make significant efforts in sector M&E frameworks across six programs in 2007 and 2008.

Chapter 3: White Paper implementation

3.1 Anti-corruption

AusAID's anti-corruption activities in PNG have a strong focus on the second pillar of the agency policy²¹, '*reducing opportunities for corruption*'. The ECP, the Advisory Support Facility and all major sector programs deliver technical assistance and capacity building in basic systems of corporate planning, budgeting, public financial management, procurement, human resource management, payroll systems and accountability. These measures also help to protect aid flows from misappropriation and help to engender donor confidence in PNG systems.

Substantial progress on '*changing incentives for corrupt behaviour*' is likely to be achieved over time through the increased effectiveness of law and justice agencies. The court system, Leadership Tribunal, Public Accounts Committee, Ombudsman's Commission, Auditor-General's Office and re-established National Anti-Corruption Alliance have been supported by the aid program. However, policing and associated enforcement remain a substantial challenge in PNG.²²

Work through the democratic governance program is the primary mechanism for '*building constituencies for anti-corruption reform*' across state and civil society organisations, with leadership-focused activities expected to make an increasing contribution to building coalitions of reformers. Progress was made in state and civil society partnerships. Support to the Electoral Commission resulted in 51 civil society groups conducting awareness or education programs across PNG on leadership, governance and the election. The Media for Development Initiative involves direct partnership with the PNG Media Council and supports community campaigns and training for journalists. The aid program supports local advocacy groups, such as the Community Coalition against Corruption and Transparency International PNG.

The development of the PNG Program Anti-Corruption Action Plan will establish principles for our anti-corruption efforts, strengthen the coherence of activities, consolidate improvements (for example, in support of public financial management and law and justice agencies), address gaps and identify performance measures. The plan will eventually support the PNG Government's National Anti-Corruption Strategy 2007–2012, which is currently being drafted.

3.2 Forms of aid

We estimate technical assistance at 45 per cent of total expenditure in 2006.²³ Although broadly consistent with the AusAID average, this figure represents a substantial investment in building PNG institutions and capacity. The 2007 review of the Advisory Support Facility and the design of a new economic and public sector governance strategy will provide good opportunities to test and strengthen the effectiveness of a core element of our technical assistance in PNG.

3.3 Joint donor activity

The PNG Government has recently become actively supportive of joint donor activity, and AusAID has pursued cooperation directly with other donors where possible. Government support should speed progress in 2007 and 2008.

Highlights in 2006 were:

- agreement by government and donors to a 'Madang plan of action' which commits all parties to pursue donor coordination and aid effectiveness measures

21 *Tackling corruption for growth and development*, AusAID, March 2007, focusing on three complementary elements: building constituencies for anti-corruption reform; reducing opportunities for corruption; and changing incentives for corrupt behaviour.

22 After the Supreme Court of PNG ruling in 2005, in-line policing support under the ECP was withdrawn.

23 The estimate is based on the total PNG Program official development assistance (A\$292.7 million, of which A\$132.0 million is for technical cooperation).

- the ongoing Public Expenditure Review and Rationalisation (PERR), a mechanism supported by Australia, the World Bank and the ADB to sequence and prioritise support for public sector and public financial management reform (two joint missions were conducted in 2006)
- the ongoing health sector multi-donor partnership and sector-wide approach (SWAp), including support for an independent monitoring and review group to provide regular strategic monitoring of health sector outcomes and policies on behalf of all donors and the PNG Department of Health
- Australian and New Zealand co-financing of an ADB program for social marketing of condoms as part of the coordinated HIV/AIDS response
- Australian core funding of UNICEF and WHO programs in PNG
- Australian funding of World Bank/IFC and ADB programs promoting private sector development.

Of the 46 AusAID missions to PNG in 2006, only three were conducted jointly with other donors – two PERR missions and one Health Sector Independent Monitoring and Review Group mission. This low proportion indicates relatively underdeveloped donor coordination in PNG, in the absence until recently of government encouragement. However, it can also be partly explained by AusAID's predominance as a PNG donor and the fact that in sectors such as law and justice we are the only significant donor.

We seek significant progress on donor coordination in 2007, including:

- completion of a joint government–donor core statement on aid effectiveness, which will 'localise' the Paris Declaration
- work towards the creation of an education sector SWAp
- a transport sector harmonisation study by Australia, the World Bank and the ADB to identify opportunities for shared prioritisation, to reduce transaction costs for PNG and to increase collaboration and effectiveness
- establishment of an independent monitoring and review group for HIV, supported by a range of donors
- a proposal for joint donor presentations to the new PNG Government.

3.4 Making use of national systems

Some highlights of work to make better use of PNG national systems in 2006 were:

- the \$30 million performance grant provided to respond to PNG's priorities (in 2006, allocated to the transport sector to be implemented through the PNG Department of Works)
- co-location of AusAID officers in key central PNG agencies (Planning; Prime Minister and National Executive Committee; and Provincial and Local Government Affairs) and four provinces
- integration of HIV/AIDS support within the national program under the direction of a single lead agency with a single M&E framework
- aid-funded maintenance and rehabilitation of infrastructure assets, implemented since 1998 through government procurement and financial management systems
- in the health SWAp, donor and government resources being treated as a single envelope channelled through a single trust account that uses PNG Government budgeting, financing, procurement and reporting mechanisms

- decisions on activities and investments under the law and justice program made entirely within PNG's sector strategy, planning, policy and budgeting systems
- support for the effective functioning of the newly formed Autonomous Region of Bougainville through the Governance Implementation Fund to provide budget support for priority government functions.

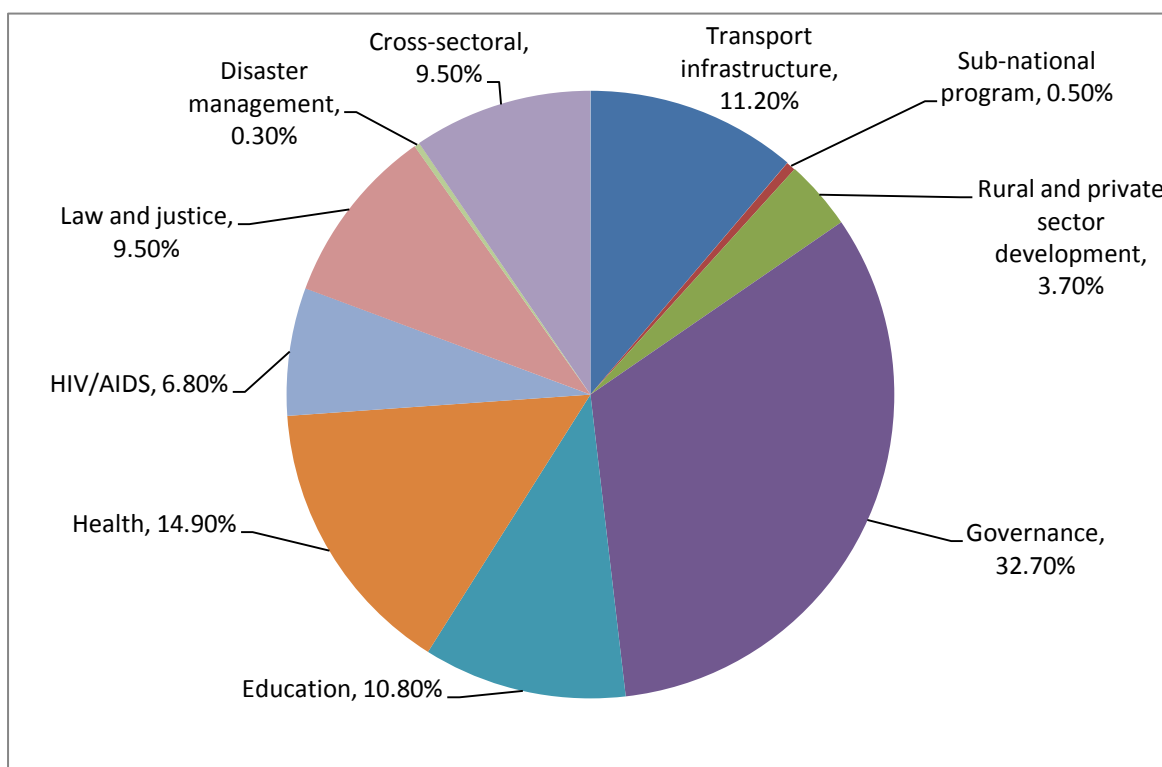
Appendix 1: Development performance – selected indicators

Indicator	Target	2005 actual (unless otherwise stated)		Source
Proportion of deliveries supervised by skilled staff	80% by 2010 (MTDS PMF)	35%		Government of PNG MTDS PMF
Percentage of children under 1 year old who have received three doses of triple antigen vaccine	90% by 2010 (MTDS PMF)	77%		Government of PNG MTDS PMF
Proportion of children under 1 year of age protected against measles	90% by 2010 (MTDS PMF)	61%		Government of PNG MTDS PMF
Mortality rate, infant (per 1000)	44 (MTDS Target)	55		World Development Indicators Database, 2007.
HIV prevalence rate among pregnant women attending Port Moresby General Hospital Antenatal Clinic	Stabilisation (MTDS PMF)	1.26%(rising trend)		Government of PNG MTDS PMF
Literacy rate, youth total (% of people aged 15–24)	70% (MTDS Target)	67%		World Development Indicators Database, 2007
Gross enrolment at elementary prep 1% age group (of estimated population aged 7)	100% (MTDS Target)	92%		PNG Department of Education Annual Report 2005
% of primary school cohort retention rate	80% at primary level by 2015 (MTDS Target)	1999 68%	2002 50.6%	Education Thematic Group & Education For All Global Monitoring Report 2006, UNESCO.
Gender disparity in primary schools	Ratio of 1:1 (MTDS Target)	1999 93%	2004 88%	Education Thematic Group & Education For All Global Monitoring Report 2006, UNESCO.
Proportion of national roads in poor condition	0% (MTDS PMF)	43.50%		Government of PNG MTDS PMF
% of National Capital District households victims of assault	0% (MTDS PMF)	15%		Government of PNG MTDS PMF
% of National Capital District households victims of sexual assault	0% (MTDS PMF)	3%		Government of PNG MTDS PMF
% of 'A' grade PEFA indicators	100%	17.2% (2006) 10.3% (2005)		Government of PNG MTDS PMF
Poverty headcount ratio at national poverty line (% of population)	Decrease the proportion of people below the national poverty line by 10% by 2015 (MTDS Target)	No data available. ²⁴		

²⁴ Poverty estimates have not been updated since the last household survey in 1996. However, the World Bank has projected poverty levels using information on the rate and sector patterns of output and employment growth. According to the projections, poverty has increased in recent years. The proportion of poor living under the national poverty line was estimated to be about 53.5% in 2003, compared with 37.5% in the benchmark year of 1996. The proportion of the population living on less than US\$1 a day was estimated to have increased from 24.6% to 39.1% in 2003.

Appendix 2: 2006 PNG Program sector allocations

Sector	\$A
Transport infrastructure	\$32 677 599
Sub-national program	\$1 578 598
Rural and private sector development	\$10 942 949
Governance ²⁵	\$95 836 193
Education	\$31 625 424
Health	\$43 737 351
HIV/AIDS	\$19 762 224
Law and justice	\$27 710 171
Disaster management	\$963 648
Cross-sectoral ²⁶	\$27 876 693
Total	\$292 710 850



25 Includes democratic governance; economic and public sector governance; the ECP; Sports for Development.

26 Includes research, volunteers support, PNG Incentive Fund; UN Strategic Partnerships.

Appendix 3: PNG Program APPU methodology

Methodology and process

As the introduction to this APPU notes, the PNG Program has set out a comprehensive approach to program assessment, with an emphasis on performance assessment results underpinning program management decisions. The process was set out in detail in a February 2007 minute from PNG Program executive management, commissioning a PNG performance assessment framework (PAF), circulated to all program staff. The PAF, developed primarily for program management purposes, is also a tool to strengthen dialogue on development effectiveness with the PNG Government of PNG. The framework took requirements for the preparation of this report into account, and was discussed informally with whole-of-government counterparts in-country.

The PAF processes leading to this APPU were as follows.

- *Quality at Implementation (QAI) assessments.* QAI assessments were facilitated by the Operations Policy and Management Unit (OPMU); 40 initiatives from the PNG Program were assessed and rated against QAI criteria.
- *Sector performance reports (SPRs).* [Eleven SPRs for 2006 were prepared.²⁷ They tracked progress against PNG's sector objectives, assessed Australia's contribution to PNG outcomes at the sector level, and identified how each sector program supported country strategy (DCS) commitments and key White Paper themes. Each SPR also set specific objectives for 2007. The SPRs were open to contributions and contest by Canberra-based staff and advisers, and were all reviewed by PNG Group management in a series of structured meetings.
- *Assessments of progress towards country strategy and White Paper objectives.* Based on the information detailed in the SPRs, short analysis papers were produced by the PNG senior management team on progress towards achieving 14 DCS and White Paper themes.²⁸ The coverage of observable trends, and the recommendations, informed and focused PNG Group management on program performance, resources and priorities.
- *Management discussion.* The PNG Group management team (Post and Canberra) spent a full day bringing together and analysing the conclusions from these processes and developing a set of recommendations on key areas for further work, whole-of-government engagement or better cross-program coordination in 2007 and beyond.

Issues and constraints

In general, we have been satisfied with the operation of and outcomes from the PNG Program PAF in its first year of operation. We have produced a substantial body of information on the program, highlighting strengths and achievements as well as weaknesses and gaps in our knowledge. This information will be valuable for a range of purposes beyond the PAF and APPU processes, including for briefing and public information materials. The approach taken has involved a lot of work by many people, and would not be appropriate for smaller AusAID country programs, but appears well suited to the ambitious country objectives and large and complex program we manage in PNG. We will review our experience and finetune our PAF approach for next year, but we expect to be able to build on our solid start this year. Next year, we also expect to be able to engage the PNG Government and our

27 Education, health, HIV/AIDs, transport infrastructure, economic and public sector governance, democratic governance, law and justice, sub-national strategy, rural development and private sector development, disaster management, performance review and dialogue.

28 Improved governance and nation building; Sustainable broad-based growth and increased productivity; Improved service delivery and stability; Strengthened, coordinated and effective response to the HIV/AIDS epidemic; Alignment of PNG and donor resources; Integration with PNG systems; Capacity building of PNG institutions; Partnerships; Building knowledge and information; Australian whole-of-government policy coherence; Creating incentives for good performance in program design; Contribution to promoting accountability, reducing the scope for corruption, and investigation of corruption; Implementing AusAID's gender policy; Implementing AusAID's environment policy.

whole-of-government partners earlier and more effectively than was possible in this initial process.

Challenging aspects of implementing the PAF have included:

- weaknesses in the PNG Government sector-level performance framework
- weaknesses in our own sector- and activity-level performance frameworks
- data constraints
- in some cases, staff capacity to analyse and describe the total picture for the sector programs, including the total resource envelope (encompassing PNG Government and other donor resources) and the range of government and non-government service providers.

In response, strengthening data presentation and analysis will be a focus in four key areas over the next 12 months:

- *Using PNG's MTDS performance management framework.* The PNG Government's development of a PMF for the MTDS is a significant step forwards. AusAID sector teams will be encouraged to use those data and promote coherence with and strengthen PNG sector frameworks. We will also seek to increase the integration of gender-disaggregated data into the MTDS PMF and strengthen PNG systems for data collection and monitoring.
- *Budget analysis.* Acknowledging complexities within the PNG Budget and how it is organised, program areas will be assisted in their understanding and use of PNG budget information, including to improve the quality of policy dialogue. More consistent treatment of input data (for donors and PNG) will be required.
- *Sector performance information.* Other than in health, and to some extent education and transport, AusAID sector-level performance information is still relatively weak. The law and justice sector is making good progress towards a coherent sector approach. A major thrust in 2007–08 will be the strengthening of performance frameworks for almost all major sector programs, along with training and mentoring for program staff.
- *Activity-level performance assessment.* Symptomatic of the lack of quantitative reporting at the sector level is the deficit of appropriate performance information at activity level, highlighted by the first round of QAI assessments. The PNG Program will address this through strengthening the QAI process and by redefining activity-level objectives once sector frameworks have been clarified.

Appendix 4: PNG Program performance – assessment of sector programs

Sector ratings were based on sector performance reports (SPRs) and the SPR management discussions, and were made collectively by the PNG senior management team at the end of a day-long discussion of program performance.

Sector ratings assessed the situation of our program rather than its PNG operating environment, and focused on:

- whether we have a clear and sound sector strategy in place or under development
- the performance of activities within the sector portfolio.

Law and justice

The law and justice program has made a clear contribution to sector coordination, planning and budgeting, and can demonstrate through the sector performance framework Australia's contribution to achievements against the five objectives of the PNG law and justice strategy. Better planning and budgeting in the sector have led to increased budget provision for law and justice agencies. Improved performance of the courts and prison system is evident. The Enhanced Cooperation Program (ECP) has played an important role in the achievements of the sector. However, stalled negotiations on the full ECP package of sector support, including to the police, and our inability to engage with the police (whose performance has shown no improvement) constrain to our ability to make further progress.

Economic and public sector governance

Technical assistance and ECP deployments in public sector bodies have achieved a set of positive results, notably contributing to improvements in international ratings of PNG's public financial systems and to increased accountability and reduced scope for corruption. On the other hand, there has been little progress in public administration reform. There is a need for some changes in our approach. The main technical assistance program (the Advisory Support Facility) needs to be more focused on country strategy priorities, and a more coordinated whole-of-government approach to (highly sensitive) policy dialogue and support, with improved sectoral monitoring and evaluation (M&E), is being prepared. Further development of accountability and anti-corruption measures is also planned.

Democratic governance

Through support to the electoral process, Australia contributed to a better state of preparation for national elections than was evident in 2002. The program also had success at grassroots level, through community development and church partnerships, in increasing the capacity of civil society to promote community welfare. The partnerships established under these programs are an asset for the PNG Program as a whole. There has been little engagement with government to date on the role of civil society in governance. There is a need for greater coherence in our support for civil society and for a sectoral performance framework, both of which will be addressed in 2007 and 2008. We have also identified a need to work more with the sector programs on relations with civil society, given the central role of civil society in service delivery.

Sub-national strategy

Support for the work of the National Economic and Fiscal Commission has led to the development of a fairer funding formula for transfers to provinces. Direct support and incentive payments to selected provinces have led to improved planning, budgeting and management, and other provinces are queuing up for this form of assistance. Co-located officers in provincial governments have facilitated better engagement at provincial level by our sectoral programs, and the sub-national strategy is recognised as a platform for cross-sectoral coordination. Work with the government of Bougainville has contributed to

progress on planning, human resource reform and decentralisation. A more comprehensive M&E arrangement for the program is under development.

HIV/AIDS

Assessments show that AusAID's major HIV/AIDS program, which finished in 2006, had significant impacts in awareness, stigma reduction, voluntary counselling and testing provision and condom use. The PNG Government made a meaningful budgetary provision for HIV/AIDS activities for the first time in 2006. The successor program puts Australia fully behind the national response, in line with international best practice. It will provide entry points for AusAID to a range of partnerships with civil society organisations and a better understanding of gender issues. Some risks arise from the extreme weakness of our main partner, the National AIDS Commission Secretariat, and from the difficulty of finding a balance between an emergency response and the building of national capacity.

Infrastructure

Significant progress has been made towards better resource allocation, prioritisation and expenditure information through Australian support. The PNG budget for roads is increasing and is being directed to priority road maintenance. We have contributed to the development of the National Transport Development Program (and are underpinning the national body that oversees it) and to better donor harmonisation. Our sector program is active in supporting dialogue between line and central agencies and among the several agencies within the transport sector.

Health

Australia leads a strong health sector approach, including a sector monitoring system which influences policy making. Our assessment also recognises successful gap filling: material assistance in the form of drug kits, condoms and communications equipment; filling staffing gaps while supporting long-term management, financial and human resources reforms in the public service; and facilitating PNG access to international expertise and finance. On the other hand, we have identified the need for a much more direct engagement at district level, and for tackling issues of leadership and accountability more effectively.

Education

Australia has helped to bring about organisational change and improved human resource and financial management in the PNG Department of Education, and laid the foundation for evidence-based policy making through the introduction of curriculum testing and an information management system. Contributions to quality improvement in schools include improved teacher training and access to new curriculum materials. Individual schools have received infrastructure and management support. Australia is leading donors into a sector-wide approach.

Rural development and private sector growth

The limited number of activities in rural development have been largely successful (including support for a nationally led review of land reform). However, the aid program has not made a strategic impact on either rural development or private sector growth. There is a need for further thinking and strategy development in both areas.

Disaster management

We are hampered by the extreme weakness of our main partner, the National Disaster Centre, and NGOs through which we have tried to establish disaster management arrangements. Measures to improve effectiveness involve the use of more targeted inputs at the national level and finding new partners at the sub-national level.

Performance review and dialogue

The (relatively simple) process targets set for 2006 were met, albeit with some delay. The performance review and dialogue mechanism has been successful in introducing an improved policy dialogue and establishing the basis for a greater incentive element in the PNG Program in future.

Appendix 5: PNG Program reviews and evaluations

Project/activity and date completed	Key lessons
Education	
Primary and Secondary Teacher Education Project (ICR, June 2005)	<p>Where a protracted design period due to redesign occurs, all activity stakeholders need to understand the implications of the redesigned elements, and how this affects their role and implementation.</p> <p>Sectoral coordination in activity design can offer conceptual advantages but risks not achieving objectives if it does not take full account of operational realities and institutional barriers.</p> <p>Provision of communications technology should be balanced against environmental conditions and sustainability.</p>
PNG Occupational Skills and Standards Project (ICR, August 2006)	<p>Lack of coherence between key stakeholders in a sector limits the ability of a project to achieve sustainable outcomes. A key factor in addressing this issue is partner government leadership.</p> <p>Capacity building of counterpart staff is a key. Activities should be timed to ensure that counterparts have an opportunity to implement at least one (and preferably more than one) full cycle of activities while mentors are available to assist in refining skills on the job.</p>
Curriculum Reform Implementation Project (Meta-evaluation, November 2006)	<p>A deep understanding of and appreciation of social, environmental, cultural and political context is paramount for a development project to be successfully designed, established and implemented.</p>
Education Capacity Building Program (Mid-term review, September 2005)	<p>A shared understanding between the PNG Government and AusAID on what a program-based approach in education means, and the implications of such an approach, is essential to the success of Phase 2.</p> <p>Coordination and interagency cooperation in the national education system needs to be an explicit priority and enhanced through the governance and management arrangements for the program.</p> <p>Strengthening of national systems and processes will not necessarily result in sustained improvement in education across PNG. Simultaneous and coordinated efforts at the sub-national level are necessary to facilitate policy and system change while improving essential service delivery.</p>
Disaster management	
Emergency Management Australia review of PNG Post Preparedness to Manage a Disaster in PNG (Review, November 2005)	<p>Awareness of agencies about whole-of-government coordination in the event of a disaster needs to be strengthened.</p> <p>Disaster communications and media strategies need to be strengthened.</p> <p>A mechanism to source extra staffing for the Post in the event of a disaster needs to be instituted.</p>

Project/activity and date completed	Key lessons
<p>Pacific and PNG Red Cross Strategic Engagement Program Draft report, Australian Red Cross (ARC)</p> <p>(Independent mid-term evaluation, February 2007)</p>	<p>Activities aimed at strengthening disaster management capacity of local NGOs should be carefully designed and the level of activity implementation should be matched to the absorptive capacity of the target NGO. The activities should be flexible enough to enable adaptation to changing circumstances.</p> <p>Careful attention should be paid to ensuring that contracting/management/implementation arrangements that involve partnering local NGOs with Australian and/or international partners are entered into with clearly defined responsibilities for implementation, oversight, monitoring, financial management and reporting for each party and overall lines of accountability; and clearly defined and measurable value added and value-for-money inputs from each participant.</p> <p>Activities that have a regional focus with quite separate components in PNG and a range of Pacific Island countries must have appropriate management structures and clear loci of responsibility within AusAID.</p>
HIV/AIDS	
<p>National HIV/AIDS Support Project</p> <p>(Evaluation, February 2006)</p>	<p>Efficiency was not a strong feature of implementation, with slow rollout, delayed response to problems and rapid turnover of key personnel in the Australian Managing Contractor (AMC) and AusAID.</p> <p>The project contributed to high levels of awareness of HIV, but was less effective in bringing about behaviour change, raising awareness of sexually transmitted infections, reducing stigma, and producing more accurate knowledge of HIV.</p> <p>There were considerable deficits in disseminating information, funding and activities to the district and village levels.</p> <p>Voluntary counselling and testing centres must ensure that the full range of prevention options is discussed and readily available.</p> <p>While the project made important contributions to clinical care for the 'walking well', clinical care remained weak in PNG, particularly for people with HIV.</p> <p>The limited development of a multisectoral response was a shortcoming. Support for the Provincial Response and Grants Scheme was inadequate.</p>
<p>National HIV/AIDS Support Project</p> <p>(ICR, January 2007)</p>	<p>The project was relatively successful in helping PNG develop its response to the HIV/AIDS epidemic, but less successful in building PNG capacity within key national agencies responsible for delivery – the National AIDS Council, the National AIDS Commission Secretariat, provincial AIDS councils and the PNG Department of Health.</p> <p>The design of the project was in alignment with the PNG Government's national objectives but did not clearly reflect acknowledged principles of international best practice. Consequently, the project was founded on a set of principles that could only have been partially effective in achieving its goals.</p> <p>Operationally, the project was too large and too complex for effective and successful delivery;</p> <p>some of the objectives were unachievable.</p> <p>The project lacked a clear conceptual and operational underpinning for its work to address gender inequity and inequality in the context of HIV/AIDS.</p> <p>It was not until late in the project that serious efforts were made to work with those at heightened risk of HIV, including sex workers, men who have sex with men, and migrant and mobile populations.</p>

Project/activity and date completed	Key lessons
Transport infrastructure	
Four road sector projects in PNG (Ex-post evaluation, December 2005)	<p>The projects evaluated were designed to affect roads that provided benefits to many government and commercial stakeholders, but prioritisation and implementation largely ignored non-government stakeholders that may have been able to exert additional pressure on the PNG Government and Department of Works to improve prioritisation, improve provincial departmental performance and mobilise additional funds.</p> <p><i>Integration with PNG Government systems.</i> Two of the four projects used imprest accounts to channel Australian Government funds for maintenance into PNG Government disbursement and tendering processes. This integration has worked well, and the systems have been improved over time.</p> <p><i>Capacity building.</i> The use of expatriate engineers and construction supervisors is not sustainable in PNG. PNG has national capacity in these areas, but it is not being developed effectively. Motivation and job satisfaction may be a greater constraint on capacity building than lack of technical and contract management skills.</p>
Rural and private sector development	
Bougainville Cocoa and Copra Dryer Rehabilitation Project (ICR, April 2006)	<p>When using trust funds as instruments for rural microenterprise development, care must be taken not to undermine the development of microfinance institutions.</p> <p>It is appropriate to require equity contributions from project beneficiaries.</p> <p>Project implementation through local agencies is possible and recommended if supervision and support are provided.</p> <p>In designing multiple component projects, care needs to be taken not to put the core focus at risk.</p>
Australian contribution to the National Agriculture Research System (ACNARS) Project (ICR, February 2006)	<p>The conventional project support used to deliver ACNARS (spanning seven years and based solely on outputs) struggled to deliver the flexibility and responsiveness necessary to foster sustainable development and partnership.</p> <p>The huge reporting load required by the contract meant that review processes were sometimes rushed and the volume of material was difficult to digest. Fewer, more strategic and higher quality reports would have increased ability and the quality of strategic decision-making.</p> <p>AusAID should carefully assess projects during design and monitor implementation to ensure that interventions addressing complex institutional and technical issues accommodate advisory and management support for activity managers.</p>
Health	
Independent Monitoring Review Group, Report No. 1, Planning Issues for 2007 (Planning, November 2006)	<p>While a number of achievements have been identified in the sector, they have not been translated into improved core national health indicators.</p> <p>Many achievements identified for the health sector are the result of donor-funded projects; questions about the sustainability of those achievements are pertinent to the sector-wide approach (SWAp).</p> <p>The current model of health service delivery is not working. We need to explore alternative models at the sub-national level – especially regarding Aid Posts. Effective functioning and distribution of Aid Posts should be fundamental to providing health services for the rural population.</p>
PNG Institute of Medical Research (ICR, October 2006)	<p>Competent PNG organisations can implement activities efficiently and cost effectively under the SWAp modality.</p> <p>Programs need to develop comprehensive design documentation to ensure that the implementing agency is able to implement all areas of activity management.</p> <p>Scientific and research organisations will remain vulnerable to funding pressures</p>

Project/activity and date completed	Key lessons
Pharmaceutical Upgrade Program (ICR, January 2006)	<p>There is an urgent need for donors to develop a strategy for engaging with dysfunctional institutions, and to identify a means to respond rapidly to critical need while concurrently maintaining an agenda to enhance capacity.</p> <p>The implementation and acceptance of technical assistance must be consistent with the accepted principles of engagement. Where principles are compromised and basic criteria are not satisfied, consideration should be given to alternative modes of assistance.</p> <p>Participatory approaches must be the norm for technical advisers. Technical assistance must facilitate activity and systems development in partnership with local staff.</p> <p>A closer focus on the service delivery level is needed. There may be scope for direct linkages with committed provincial governments that can have a positive impact on service delivery.</p> <p>AusAID requires greater technical and strategic capacity to oversight its support, and needs to strengthen its evaluative processes to be more inclusive of other stakeholders (such as the PNG Government and donors).</p>
Health Services Support Services (ICR, May 2006)	<p>The pace of reform initiatives needs to be slowed to a level compatible with existing capacity, and increased capacity should not be overwhelmed by demanding new processes and systems.</p> <p>Activities to support the national level of government should be more focused towards direct support to sub-national level and service delivery.</p> <p>In this case, support for managerial development has not translated into improved service delivery and community outcomes.</p> <p>Human resources reform will not progress unless it is supported at a higher level (that is, under a broader social sector strategy and with PNG Government and donor support).</p> <p>AusAID should not delegate its SWAp management and engagement responsibilities to a contractor.</p> <p>When an AusAID project or program is a dominant part of the sector, all partners should be involved in design, implementation reviews, extraction of lessons, and review and evaluation processes.</p>
Women's and Children's Health (ICR, February 2005)	<p>We need to focus on the provision of health services in remote rural areas.</p> <p>AusAID should increase support for a bottom-up approach to health provision by endorsing the implementation of the 'Healthy Islands' concept.</p> <p>In-service training (IST) is part of a combined approach integrating IST, human resource and clinical governance and supervision.</p>
Central Public Health Laboratory (ICR, August 2005)	<p>Innovative contracting provides opportunities for better project outcomes, but maximal success requires sound activity management.</p> <p>A project approach is better suited to infrastructure rather than capacity development.</p> <p>Training approaches are most successful when they are workplace based and supported on an ongoing basis.</p>
Client-Oriented, Provider-Efficient Evaluation (COPE) (Evaluation, March 2006)	<p>COPE requires more than a single induction for supervisors to ensure that they have the confidence to support health centre staff.</p> <p>In settings where church health administrators provide a substantial body of support to health centres, they must be actively integrated into the senior management development programs in the province.</p> <p>Health centre/service delivery representatives who attend workshops must have sufficient authority and capacity to impart new knowledge on return to their workplaces.</p>

Project/activity and date completed	Key lessons
Law and justice	
PNG Law and Justice Sector (Review and contribution analysis, December 2006; sector review, January 2007)	<p>The review found evidence that the sector approach adopted by the PNG law and justice agencies provided the necessary enabling environment for sector reform efforts. Over the past three years significant changes have occurred in the operations and practices of various law and justice agencies as a direct result of the sector approach. The review found that the</p> <p>enabling environment was characterised by a growing sectoral identity among agency and other related stakeholders, agency planning and budgeting is increasingly guided by the Sector Strategic Framework, and the sector is increasingly coordinating and acting through sectoral mechanisms.</p> <p>The review highlighted the need for the law and justice sector to increase its efforts to strengthen agency monitoring and evaluation systems, as it is particularly difficult to determine the full extent to which improved operations of law and justice agencies are affecting the broader community.</p> <p>The review demonstrated that the lack of available agency monitoring and evaluation data also had implications for AusAID's ability to demonstrate its contribution to change occurring at the community level.</p>
Economic and public sector governance	
PNG Advisory Support Facility Phase II (Mid-term review, February 2006)	<p>There is a significantly improved advisory recruitment process (from ASF I) which engages key counterpart agency staff to develop terms of reference and recruitment specification, develop short-lists, and conduct interviews chaired by a PNG Government official.</p> <p>Strong professional support for advisers, through a thorough induction process and informal and formal networking, is also important.</p> <p>A feature of ASF II is the high level of ownership and engagement by the key decision-making body, the Facility Management Group chaired and mainly comprising PNG Government members.</p> <p>The development and use of an annual strategic plan linked to PNG and Australian policy has helped the Facility Management Group in decision making.</p> <p>Although there is effective monitoring and performance assessment of advisers, it is limited to assessing them against their terms of reference, rather than assessing their impact on overall agency performance or on public sector reform.</p>
Human Resources / Payroll Business Systems Project (Independent review, February 2006)	<p>Executive-level support within the PNG Government and specifically the Department of Personnel Management for the implementation of new human resources / payroll procedures is vital for effective implementation.</p> <p>The availability of counterparts with appropriate skill-sets and seniority had significant impact on the ability of the project to achieve its objectives.</p> <p>An effective joint management committee is particularly important when operating in a whole-of- government context.</p>
Public Financial Management Training Program (ICR, August 2006)	<p>Training should be seen as only one part of a broader capacity-development strategy, which should also address other crucial aspects, such as leadership and management, staff supervision, planning, problem solving and performance management. Without improvement in these areas, the ability of participants to implement skills through training is limited.</p> <p>While some program initiatives produced sustainable outcomes, the capacity of the Department of Finance to achieve overall technical and financial sustainability in the medium to long term is weak due to funding shortages, poor staff retention, recruitment delays and uncertain organisational restructuring. Sustainable benefits are most likely to be found in those provinces with effective management teams and performance-monitoring strategies in place.</p>

Project/activity and date completed	Key lessons
Democratic governance	
Church Partnership Program (Baseline mid-term comparative analysis, February 2007)	<p>The Church Partnership Program model allows church partners to work within their own organisational structures and build on their strengths.</p> <p>Progress has been slow on gender, although there have been some good examples of gender- sensitive programming and internal gender sensitisation. The mid-term review highlighted the need to invest more in supporting PNG church partners to maximise the participation and involvement of women in their program development, including through supportive conditions of employment.</p> <p>'Most significant change' is a useful tool for monitoring and evaluation, but requires intensive investment in training, which high staff turnover in all churches has made difficult.</p>

ASF = Advisory Support Facility; ICR = independent completion report; NGO = non-government organization

Acronyms and abbreviations

ASF	Advisory Support Facility (PNG)
DCS	Development Cooperation Strategy
ECP	Enhanced Cooperation Program
M&E	monitoring and evaluation
MTDS	Medium Term Development Strategy (2005–2010)
NGO	non-government organisation
PAF	performance assessment framework
PEFA	Public Expenditure and Financial Accountability (analysis)
PERR	Public Expenditure Review and Rationalisation
PNG	Papua New Guinea
SPR	sector performance report
SWAp	sector-wide approach
WHO	World Health Organization
ICR	Independent completion report