

**Implementing Service Provider
Annual Program Plan**

January 2011 – December 2011

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T a b l e o f C o n t e n t s

Executive Summary	1
1. Program Context	5
2. SNS Intended Service Delivery Outcomes for 2011	7
2.1 Provincial Performance Improvement Initiative (PPII) (see also Logframe Component 1.1-1.5)	7
2.2 Capacity Building Adviser – DPLGA Capacity Building Division (CBD) (see also Logframe Component 1.1.1)	8
2.3 Finance and Budget and Expenditure Advisers (see also Logframe Component 1.3.1-1.3.3, 1.3.9, 1.3.11, 1.3.14, 1.3.18)	8
2.4 ICT Team (see also Logframe Component 1.3.4, 1.3.5)	8
2.5 Human Resource Management (see also Logframe Component 1.3.6, 1.3.7, 1.3.12, 1.3.15, 1.3.20, 1.3.24)	10
2.6 Project Management Support (see also Logframe Component 1.3.8)	11
2.7 Corporate Plan Implementation Advisers (see also Logframe Component 1.3.17, 1.3.23, 1.3.25, 1.3.26, 1.3.28- 1.3.30)	12
2.8 Development Planning and District Facilitation Advisers (see also Logframe Component 1.3.10, 1.3.16, 1.3.19, 1.3.27)	12
2.9 Performance Monitoring Division (PMD) Advisers (see below at 4.3 and Logframe Component 1.6)	13
2.10 The Policy and Legal team (see also Logframe Component 1.7)	13
2.11 National Economic and Fiscal Commission (NEFC) (see also 4.4 below and Logframe Component 1.8)	14
2.12 National Research Institute (NRI) (see also Logframe Component 1.9)	14
2.13 Office of Rural Development (ORD) (see also Logframe Component 1.10)	14
2.14 Autonomous Bougainville Government (ABG) (see below 4.5 and also Logframe Component 2.1)	14
2.15 Southern Highlands Province (see also Logframe Component 2.2)	15

T a b l e o f C o n t e n t s

2.16 Non-Technical Assistance Capacity Building (see also Logframe Component 1.5) _____	15
2.17 Cross-Cutting Development Issues (see also Logframe Component 1.11.3 – 1.11.5) _____	16
3. Planning and Monitoring Process _____	21
3.1 Major Implementing National Agencies _____	22
3.2 Participating Provincial Governments (as of January 2011) _____	22
3.3 Main Reference Documents _____	23
4. Component and Activity Description _____	23
4.1 Purpose and Goal _____	23
4.2 Component Description _____	23
4.3 Component 1.6 Performance Monitoring Division (PMD) and PLLSMA (see also Logframe Component 1.6) _____	27
4.4 Component 1.8 National Economic and Fiscal Commission (NEFC) (see also Logframe Component 1.8) _____	28
4.5 Component 2.1 Bougainville (see also Logframe Component 2.1) _____	30
4.6 Component 2.2 Southern Highlands Province _____	31
5. Implementing Service Provider Support to SNS _____	32
5.1 Program Planning _____	32
5.2 Recruitment and Management of Technical Assistance _____	35
5.3 Support for Advisers _____	37
5.4 ISP Performance Management Framework _____	40
5.5 Capacity Building _____	44
5.6 Procurement _____	49
5.7 Management of Finances including Incentive Trust Funds _____	50
5.8 Research _____	54
5.9 ISP Website and Coffey Knowledge Management _____	54
6. ISP Internal Monitoring and Evaluation _____	55
6.1. Contributing to the SNS Monitoring and Evaluation Framework _____	55
6.2. The ISP's Performance Management and Assessment Strategy for its own systems _____	55
6.3. ISP's Performance Management of Technical Advisers _____	55

T a b l e o f C o n t e n t s

7.	Cross Cutting Development Issues	56
8.	Risk Management Plan – Overview	60
9.	Communications	61
10.	Sustainability	64

A p p e n d i c e s

- 1 Annual Program Implementation Plan Logframe
- 2 Capacity Building Framework and Strategy
- 3 Risk Matrix updated as of 30 November 06/08/2010
- 4 Annual Program Implementation Plan Budget
- 5 List of Main Reference Documents

A c r o n y m s a n d A b b r e v i a t i o n s

ABG	Autonomous Bougainville Government
Airlines PNG	Airlines of Papua New Guinea Ltd
APNGIF	Australia Papua New Guinea Incentive Fund
ASF	Advisory Support Facility
AUD	Australia Dollar (Australia's currency)
AusAID	Australian Agency for International Development
BAHA	Business Coalition Against HIV/AIDS
B&E	Budget and Expenditure Adviser
BEC	Bougainville Executive Council
CACC	Central Agency Coordination Committee
CBD	Capacity Building Division of DPLGA
CEO	Chief Executive Officer
CLRC	Constitutional Law Reform Commission
CoEs	Council of Elders (Bougainville)
CP	Central Province
CPIA	Corporate Plan Implementation Adviser
CSO	Civil Society Organisation
DER	Development Expenditure Research
DMT	District Management Team
DNPM	Department of National Planning and Monitoring
DoF	Department of Finance
DPLGA	Department of Provincial and Local Government Affairs
DPM	Department of Personnel Management
DTL	Deputy Team Leader
DWU	Divine Word University (Madang)
EHP	Eastern Highlands Province
ENB	East New Britain
EU	European Union
FBO	Faith Based Organisation
FIFO	Fly-in Fly-out Advisers
GEOBOOKS	Geographic Information System being developed at UPNG
GIF Account	Governance and Implementation Fund (Bougainville)

GoA	Government of Australia
GoPNG	Government of Papua New Guinea
GST	Goods and Services Tax
HIV	Human Immunodeficiency Virus
HQ	Head Quarters
HR	Human Resources
ICT	Information and Communication Technology
IDC	Interdepartmental Committee
IF	Incentive Fund
IFA	Incentive Fund Agreement
IGR	Inter-Government Relations
IRC	Internal Revenue Commission
IRT	Independent Review Team
ISP	Implementing Service Provider
JDP&BPC	Joint District Planning & Budget Priorities Committee
JPP&BPC	Joint Provincial Planning & Budget Priorities Committee
JSB	Joint Supervisory Body
L&PD	Legal and Policy Division of DPLGA
LES	Locally Engaged Staff
LEP	Less Experienced Professional
LGAS	Local Level Government Advisory Services Division of DPLGA
LLG	Local Level Government
LNG	Liquid Natural Gas
Log Frame	Logical Framework (project management matrix)
LTA	Long Term Adviser
MBP	Milne Bay Province
MC	Managing Contractor
M&E	Monitoring and Evaluation
MP	Member of Parliament
MPA	Minimum Priority Activity
MTDS	Medium Term Development Strategy
NCOBA	National Coordination Office for Bougainville Affairs
NEC	National Executive Council
NEFC	National Economic and Fiscal Commission
NGO	Non Governmental Organisation
NIP	New Ireland Province
NPRA	Northern Province Restoration Authority
NRI	National Research Institute
NZAID	New Zealand Agency for International Development

OLPLLG	Organic Law for Provincial and Local Level Government
ORD	Office or Rural Development
PA	Provincial Administrator
PCaB	Provincial Capacity Building Program of UNDP
PCMC	Provincial Coordination and Monitoring Committee
PDLD	Professional Diploma in Legislative Drafting
PEC	Provincial Executive Council
PER	Provincial Expenditure Review
PFMA	Public Financial Management Act
PGAS	PNG Government Accounting System
PGK	Papua New Guinea Kina (PNG's currency)
PHQ	Provincial Head Quarters
PIPP Account	Program Implementation Personnel and Procurement
PLLSMA	Provincial and Local Level Service Monitoring Authority
PLO	Provincial Liaison Officer (DPLGA CBD)
PMD	Performance Monitoring Division of DPLGA
PMT	Provincial Management Team
PMV	Public Motor Vehicle
PNG	Papua New Guinea
PPII	Provincial Performance Improvement Initiative
PSRMU	Public Sector Reform Management Unit
PWC	Price Waterhouse Coopers
RFT	Request for Tender
RIGFA	Reform of Intergovernmental Funding Agreement
RSD&LGP	Rural Service Delivery & Local Governance Project (World Bank)
SDLLGP	Strengthening of Districts and Local-Level Governments Project (European Union)
SDMM	Service Delivery Mechanism Model
SHP	Southern Highlands Province
SMA	Strategic Management Adviser (NEFC)
SNS	Sub National Strategy
SPIA	Strengthening Provincial Internal Audit Program
TA	Technical Assistance (Advisers)
TL	Team Leader
TSD	Technical Services Division
UCM	Unit Costing Model
UPNG	University of Papua New Guinea
WNB	West New Britain
WSP	West Sepik Province

Executive Summary

The Sub-National Strategy (SNS) is the Government of Australia's program of assistance to improve service delivery to the people of Papua New Guinea (PNG) by provincial, district and local-level governments. The Program supports the Government of PNG to improve service delivery through a series of public sector reform initiatives. This includes the Provincial Performance Improvement Initiative (PPII) led by the Department of Provincial and Local Government Affairs (DPLGA), the reform to inter-governmental financing arrangements (RIGFA) led by the National Economic and Fiscal Commission (NEFC) and the Sub-national Governance Program, led by the National Research Institute (NRI).

This is the Implementing Service Provider's (ISP) to SNS' fourth Annual Activity Plan (AAP) and covers the period 1 January to 31 December 2011. The AAP describes a number of intended service delivery outcomes to be delivered by capacity building modalities including; technical advisers (TA), and non TA including provincial exchanges, peer reviews, training, scholarships and financial audit.

There are currently 41 full time advisers and 7 periodic advisers contracted with SNS in December 2010. In 2010, a comprehensive review of technical adviser positions funded by the PNG-Australia Development Cooperation Program was completed which will have implications for planning of SNS activities in 2011.

Provincial Performance Improvement Initiative (PPII)

PPII is a demand-driven Program lead by DPLGA supporting public sector reform at sub-national levels, providing technical assistance and incentive-based budgetary support.

PPII was independently reviewed in 2010 and the Review Team "...judges PPII as a success. Provincial Administrators have spoken enthusiastically about improvements in public administration. The 2008 and 2009 Peer Reviews record the provinces themselves celebrating success, drawing out lessons and sharing experiences."¹

In 2011, PPII will continue to support non-technical assistance capacity building initiatives for provincial and district administrations (see 2.16 below). PPII is pivotal to improving coordination, monitoring and reporting between national and sub-national governments. The PPII advisory support team includes expertise in capacity building, service delivery implementation, finance and accounting, information and communication technology (ICT), human resources, project management, revenue and taxation and development planning.

In 2011, the PPII Provinces fall into the following four Phases:

¹ Provincial Performance Improvement Initiative (PPII) Independent Review for the Secretary Department of Provincial and Local Government Affairs, Willie Edo and John Mooney, 24 August 2010.

Preparatory Phase –Gulf, and Western Highlands;

Phase I- Manus, Madang, Morobe, New Ireland, Oro, Simbu, West New Britain, East Sepik, and Enga;

Phase II – Central, East New Britain, Eastern Highlands, Milne Bay and Sandaun; and

Phase III - No provinces have received Phase III to date.

Performance Monitoring Division (PMD)

The PMD team will reduce from five to three full time technical advisers by the end of 2011. The remaining positions, working with the ICT team, will continue to establish mechanisms to improve PMD's capacity to coordinate report and monitor service delivery at national and sub-national levels. These systems include the Provincial and Local Level Service Monitoring Authority (PLLSMA), Provincial Coordination and Monitoring Committees (PCMC), and improving the quality of S.119 reporting and feedback. The Function Assignment Adviser will continue to clarify responsibilities for service delivery and to ensure adequate funding is provided for specific service delivery functions at the appropriate level of government. The Committee Coordination Adviser and Communications Adviser will complete their inputs in May 2011.

The Policy and Legal team

The Policy and Legislative Drafting Advisers support DPLGA to provide strategic advice to the Minister and implement GoPNG priorities. A Revenue and Taxation Adviser joined the Legal and Policy Division (LPD) during 2010. The team focuses on new policy and legislative amendments to support service delivery and address issues that inhibit the effective delivery of services.

The Revenue and Taxation Adviser is working predominantly to develop internal revenue policies for provinces seeking autonomy (East New Britain and New Ireland).

National Economic and Fiscal Commission (NEFC)

In 2011 NEFC will implement Year Three of the Reform of Inter-governmental Funding Arrangements (RIGFA) following amendments to the Organic Law. Four advisers support NEFC to build partner agency capacity and systems to implement an evidence-based, sustainable approach to inter-governmental financing arrangements. Over a five year period, those provinces in need will have an increased provincial recurrent budget for specific service delivery sectors, including health, education, law and justice, agriculture extension and infrastructure.

National Research Institute (NRI)

A Research Coordinator works with SNS stakeholders to manage a program of research which will capitalise on lessons learned from sub-national activities. This role will continue to be refined during 2011 and will work to ensure SNS has an effective evidence-based research function.

Office of Rural Development (ORD)

An SNS adviser is supporting ORD to introduce an information management system to track DSIP planning, expenditure and project management. The European Union is providing K 4 million funding for DIMS while SNS is providing the Adviser. The system will collect and consolidate district profiles, asset registers, and a project reporting system for all 89 districts in PNG.

Autonomous Bougainville Government (ABG)

A team of advisers will continue to support the Autonomous Bougainville Government (ABG) in 2011.

As a result of the TA review, two adviser positions, Economic Development and Human Resources, were ranked low and will be withdrawn during the year. Negotiations are being conducted between AusAID, the ABG Administration and the ISP to achieve this with minimal adverse effect on the administration.

The adviser team helps to improve all aspects of government service delivery. The team delivers expertise in the following areas: policy development, legislative drafting, economic development, human Resource management, procurement and contract management, planning and budgeting, finance and expenditure, taxation and revenue. AusAID and NZAID also support the Governance Implement Fund (GIF) with a GIF Coordinator managed by the ISP.

A new government was elected in 2010 and its policy priorities will influence much of the work of the advisers over the forthcoming twelve months.

Southern Highlands Province

In 2010, there has been significant increase in engagement and adviser support with the Southern Highlands Provincial Administration. Previously, a special case province, there are specific challenges to improving service delivery. In 2011, specialised support package of a Human Resource Adviser and a Corporate Plan Implementation Adviser will assist in providing a more targeted approach to improving services. Southern Highlands Province has graduated to the preparatory phase for PPII and as such, has moved away from special assistance from AusAID. Going forward, any further engagement will go through PPII Secretariat.

The Lead Finance Adviser and the Capacity Effectiveness Coordinator will also offer support to SHP in 2011. DPLGA will facilitate the introduction of a PCMC to SHP in 2011.

Capacity Building

In 2011, the ISP will continue to refine and build on non-TA based capacity building activities. Non TA capacity building will be specific focus for SNS in 2011 given the impact of the TA review. There will be an increasing focus on non TA capacity building activities in meeting agreed development needs and priorities.

In 2011, the ISP will develop and implement a comprehensive capacity diagnostics process which will aim to identify strengths and needs in the agency and the most appropriate forms of support to meet those needs. The capacity diagnostics process will provide information about what other capacity development tools are

available through SNS other than technical assistance. The ISP will continue to build on the training, scholarships, and provincial exchanges and explore other modalities such as twinning programs, grants and volunteer placements.

Non TA methods will focus on long term strategic outcomes related to service delivery to ensure there is an available skilled work force to deliver services at sub-national levels. These activities include:

- Professional Diploma in Legislative Drafting
- Diplomas in Human Resource Management
- Provincial Exchanges
- Twinning support for the Sandaun Physical Planning Unit
- Work placements and secondments between National Agencies and Provincial Administrations and a financial audit program to strengthen financial management.

Capacity Needs Assessment Workshops for DPLGA will be conducted early in 2011 to identify capacity needs and appropriate TA and non TA capacity building support for 2011 and onwards.

Management of Finances including Incentive Trust Funds

An important feature of the SNS Program is the financial incentives paid to provinces that agree to improve overall performance in both corporate management and service delivery. These incentives are:

- Phase I - Capacity Building Plans of up to PGK 250,000 per annum² to finance capacity building directly linked to the Provincial Corporate Plan;
- Phase II - Incentive funds of up to PGK 1 million for capacity building and service delivery initiatives identified in the Provincial Corporate Plan; and
- Phase III – Reduced financial incentives – the levels of Phase III incentives will be determined when Provinces are ready to move to this final phase of support.

The ISP has strategic financial management responsibility to identify and address key issues and trends. A key part of this role is an internal audit program to measure and assess funds management and provincial financial practices.

Cross Cutting Development Issues

The ISP ensures all program personnel are aware of the importance of cross cutting issues as it relates to the core role of the adviser. The ISP has strong focus on cross cutting issues during orientation and there is on-going discussion and reinforcement of these issues to ensure they are systematically incorporated into daily activities. HIV/AIDS, Gender and Development, Poverty Reduction, Anti-Corruption and Fraud Control, Maternal Health Status, Domestic Violence, Economic Development and Environmental Impacts are themes across all ISP's activities.

² Phase 1 in 2010 will be each given K500,000 to be spent over two years (January 2010 to December 2011).

1. Program Context

The Sub National Strategy (SNS) is Australia's mechanism to support agreed Government of Papua New Guinea (GoPNG) initiatives that aim to improve service delivery by strengthening day-to-day public administration at sub-national levels.

The Program supports the Government of PNG to improve service delivery through a series of public sector reform initiatives. This includes the Provincial Performance Improvement Initiative (PPII) led by the Department of Provincial and Local Government Affairs (DPLGA), the reform to inter-governmental financing arrangements (RIGFA) led by the National Economic and Fiscal Commission (NEFC), the Sub-national Governance Program, led by the National Research Institute (NRI) and the District Information Management System (DIMS) led by the Office of Rural Development (ORD).

SNS also aims to improve human resource management systems; financing systems between the national and sub national levels of government; the legal structures for inter-governmental management and coordination; planning and monitoring systems and capacity building provided by the National Government. SNS is also Australia's avenue to support special case Provinces (Western and Southern Highlands) and the Autonomous Bougainville Government (ABG)³.

Additionally, SNS plays a coordination role in improving the effectiveness of sectoral aid programs (health, education, law & justice, transportation, economic development and governance) by informing the Australian Agency for International Development (AusAID) of constraints to service delivery, particularly at the provincial and district levels.

SNS is a long term commitment and is:

“A partnership between the Government of Papua New Guinea and the Government of Australia to improve service delivery for the men, women and children of Papua New Guinea.”

AusAID developed a design document in August 2006⁴ for the SNS which identified the need for a managing contractor to fulfil the role of Implementing Service Provider (ISP). Coffey International Development was awarded the contract to manage the ISP. The ISP contract is for a period of four years, from 1 June 2007 to 31 May 2011.

AusAID released a Request for Tender (RFT) for the ISP for SNS from the six years from June 2011 to June 2015. AusAID will select a contractor to support the final 13 months of Phase 1 of the SNS, with an option to extend for up to 5 years to implement Phase 2 of the Sub National Program (SNP). Coffey International

³ Australian Government Papua New Guinea Sub-National Strategy 2007-2011: Draft Design Document August 2006.

⁴ Ibid.

Development has submitted a Capability Statement addressing the first stage of the RFT and will competitively bid on the next phase of SNS.

Australian Overseas Development Assistance (ODA) for Papua New Guinea (PNG) has moved from a project and program modality to a more collaborative, partnership approach to aid delivery. It reflects the directions set by the *Paris Declaration on Aid Effectiveness* (2005) with its emphasis on national government ownership, alignment with recipient government systems, donor harmonisation, managing for results and mutual accountability. Importantly, these themes have been reinforced in the *PNG Australia Partnership for Development*⁵.

Australian aid to PNG is governed by the Development Cooperation Treaty of 1999, the Development Cooperation Strategy 2006 – 2010 and the Partnership for Development signed in August 2008. The Partnership Agreement needs to be seen in concert with PNG's development objectives as articulated in its key policy documents. The GoPNG's development priorities are set out in the Vision 2050, the PNG Development Strategic Plan (PNGDSP 2010 – 2030), the *PNG Medium Term Development Strategy* (MTDS) and the *Medium Term Fiscal Strategy* (MTFS).

The Partnership for development is a plan to for GoA and GoPNG to work together to achieve sustainable improvements in the quality of life for all Papua New Guineans. It is founded on the concepts of mutual understanding, mutual respect and mutual responsibility for improved development outcomes.

The Partnership specifically focuses on four core areas:

- 1 Improved governance and economic and social development
- 2 Sustainable broad-based economic growth and increased productivity
- 3 Improved service delivery and stability
- 4 Strengthened, coordinated and effective response to the HIV/AIDS epidemic

SNS has fully incorporated the Partnership's principles of GoPNG ownership and leadership, accountability, capacity building and mutual responsibility for sustained results. "The Change Model underlying SNS assumes that as capacity is developed and public administration is strengthened, improved service delivery will follow."⁶

The Sub-national Strategy's Goal is to improve service delivery outcomes. It is imperative that in this fourth year of the Program, activities are critically reviewed to ensure that they are consistent with this goal. The SNS Program has three components.

1. Support GoPNG initiatives that aim to improve public administration and governance processes related to enhanced service delivery through the expanded Provincial Performance Improvement Initiative (PPII).

⁵ Partnership for Development between the Government of Australia and the Government of Papua New Guinea, 20 August 2008

⁶ p37, PNG – SNS Mid-Term Review Report, AusAID

2. Support the performance of Bougainville and provinces of national interest to both governments (Special Case Provinces - Southern Highlands and Western⁷).
3. Support the alignment of AusAID's ongoing programs in PNG so that they are more responsive to service delivery challenges at the sub-national level. This third component is increasingly a Program focus following recommendations from the SNS Mid Term Review in March 2009.

AusAID and the GoPNG will undertake a design process during 2011 to for the second phase of SNS.

2. SNS Intended Service Delivery Outcomes for 2011

The ISP contract concludes in May 2011; however this AAP is for the whole calendar year 2011 for the SNS Program rather than just ISP activities.⁸ Several factors may affect the achievement of the intended outcomes including:

- The implementation of the SNP design (commencing 3rd quarter 2011 and going through the beginning of SNP Phase 2 July 2012);
- The GoPNG and GoA Technical Adviser Review to be progressively implemented throughout 2011 (see 5.2 below);
- The PPII Review and resulting changes to DPLGA's Corporate Plan; and
- The continuing requirement for SNS to a flexible rolling design program.

The following summarises intended service delivery outcomes delivered by a number of capacity building modalities: technical advisers (TA), incentive funding, provincial exchanges, peer reviews, training, scholarships and financial audit. For more detailed descriptions of 2011 planned activity descriptions, performance indicators, means of verification for expected outcomes, resource requirements and anticipated time frames refer to the Log Frame at Appendix 1. SNS Adviser annual work plans will be finalised with counterparts by the end of January 2011 and available for review from March 2011 on the SNS website <http://www.subnational.org>. The ISP will ensure all advisers provide counterparts of copy of finalised work plans.

2.1 Provincial Performance Improvement Initiative (PPII) (see also Logframe Component 1.1-1.5)

PPII is a demand-driven Program led by the Department of Provincial and Local Government Affairs (DPLGA). It supports public sector reform at sub-national levels

⁷ While AusAID has identified Western as a Province of interest, no SNS support has been provided to Western Province to date.

⁸ The ISP's contract with AusAID requires that: "In consultation with AusAID ... and the Government of Papua New Guinea, the Contractor will prepare an Annual Program Plan for the SNS" (Contract Number 41966, Schedule 1, 8.24).

and provides technical assistance, incentive-based budgetary support and a range of non-TA capacity building initiatives.

PPII was independently reviewed in 2010 and the Review Team "...judges PPII as a success. Provincial Administrators have spoken enthusiastically about improvements in public administration. The 2008 and 2009 Peer Reviews record the provinces themselves celebrating success, drawing out lessons and sharing experiences."ⁱⁱ⁹

PPII has a systematic approach to achieving its objective of improved administration through implementing corporate plans which incrementally lead to improved development planning and, ultimately, improved service delivery. PPII is pivotal to improving coordination, monitoring and reporting between national and sub-national governments.

The SNS program has continued to grow. In 2011, 14 provinces will be in either PPII Phase I or Phase II with only 2 provinces still in the preparatory phase of PPII (see 3.2 below). At 31 December 2010 there were 41 full time Technical Advisers, 7 Periodic Advisers and 8 Development Support Personnel. In 2011, PPII will continue to increase non-technical assistance capacity building initiatives for provincial and district administrations (see 2.16 below). These non-TA initiatives will take on increasing importance in the Program as a result of the recent review of technical assistance, which caps SNS at 43 full time technical advisers (see 5.2 below).

2.2 Capacity Building Adviser – DPLGA Capacity Building Division (CBD) (see also Logframe Component 1.1.1)

The major focus for the Capacity Building Adviser in 2011 will be to develop an exit strategy identifying sustainable non-TA capacity building initiatives for DPLGA's Capacity Building Division (CBD). The CBA will have completed two years in the role as of April 2011 and it is anticipated that the terms of reference will be fully met. The performance of CBD has improved markedly and Provincial Liaison Officers (PLOs) effectively implement and monitor PPII initiatives.

The planned provincial assessment and monitoring processes have been effectively implemented. PLOs provide useful feedback to provinces and monitoring reports use a standard format and are easy to understand.

2.3 Finance and Budget and Expenditure Advisers (see also Logframe Component 1.3.1-1.3.3, 1.3.9, 1.3.11, 1.3.14, 1.3.18)

A team of seven Finance and Budget and Expenditure (B&E) advisers support improvements to provincial financial management and budget processes. They also

⁹ Provincial Performance Improvement Initiative (PPII) Independent Review for the Secretary Department of Provincial and Local Government Affairs, Willie Edo and John Mooney, 24 August 2010.

oversee compliance with the PPII Incentive Trust Fund arrangements, working with the ISP's audit team to identify weaknesses in provincial finance functions and support improvements. The finance team collaborates with the NEFC in implementing the reform of inter-governmental financing. They also play a major role in the implementation of Minimum Priority Activities (MPAs) facilitating planning, budgeting, expenditure, monitoring and performance reporting of MPAs. In 2011 the Finance Team will include the following key activities in their work plans:

- Assist provinces to implement PPII funded projects/activities as agreed in capacity building plans;
- Reporting of PPII funding against capacity building plans to be aligned with provincial reporting systems (special reports to be submitted to ISP to meet Funding Agreement requirements);
- Assist provinces to implement audit recommendations (PPII and Provincial internal audits and Auditor General's Office external audits); and
- Continue to support improvements to fixed assets management systems.

An integrated budgeting and planning, monitoring and reporting (IBPMR) process was piloted in three PPII provinces (Milne Bay, Sandaun and West New Britain) during 2009 and 2010. The PPII Review found that IBPMR was one of PPII's successes. IBPMR will be introduced to other interested PPII Provinces in 2011.

B&E Advisers in PPII Phase II provinces (Central, East New Britain and West Sepik) are working at the District level to improve financial systems directly linked to the provision of services to rural populations.

2.4 ICT Team (see also Logframe Component 1.3.4, 1.3.5)

The ICT team works with GoPNG counterparts to improve Information and Communication Technology (ICT) recording, reporting and monitoring systems. The three main objectives for the ICT team are:

1. Performance Monitoring/s.119 Reporting Tool (PMR Tool)

The team is supporting PLLSMA to develop a database, to record, analyse and report service delivery information according to legislative requirement under s.119 of the Organic Law for Provincial and Local Level Government (OLPLLG). This database includes Minimum Priority Activities (MPAs) and is being individually adapted for provincial administrations as they request sector specific and/or province specific information be included. The ICT Team rolled the database out to pilot provincial administrations (Central, Eastern Highlands, Madang, Milne Bay, Sandaun, Simbu and West New Britain) during 2010.

The November, 2010 PLLSMA meeting resolved that s.119 data collected should be reviewed in early 2011 to ensure it is appropriate to user needs. The timeliness of s.119 reporting is also a concern with the most recent report for 2007, three years out of date.

The ICT team work in collaboration with the Performance Monitoring Division (PMD), PLLSMA members, PCMCs members, NEFC, and SNS Advisers. The team is building the skill levels of PMD staff to monitor performance, analyse information and report findings to confidently support the provinces.

2. Human Resource Information Database

The ICT team works in collaboration with DPLGA CBD staff and HR Advisers to introduce a HR database to provinces requesting use of this information management resource. The team conducts initial training on the database, including reporting and the use of Microsoft Excel to analyse data.

3. General ICT Assistance

ICT Advisers also assist provincial administrations to develop value-for-money ICT solutions. With improved management information systems, DPLGA and provincial administrations will have better information to support decision-making which will contribute to improved service delivery at the sub-national level. This support includes general IT infrastructure procurement decisions, Provincial database and reporting requirements and IT staff mentoring and training.

The ICT team has identified a substantial demand for general IT and Microsoft Office training. There is a rapidly growing need for basic and intermediate IT training in provincial administrations and national agencies. The ICT team has addressed some of these training requirements, however with the reduction in team positions from three to one, following the TA review, this training will not be provided after May 2011. The team has recommended the recruitment of a qualified IT trainer, under the Development support Personnel category to continue to provide this fundamental IT and information management capacity building.

2.5 Human Resource Management (see also Logframe Component 1.3.6, 1.3.7, 1.3.12, 1.3.15, 1.3.20, 1.3.24)

The Human Resource (HR) team of advisers has been critically affected by the recent review of technical adviser positions. The SNS HR team will be reduced from seven to three positions during 2011. Only the Lead HR Adviser and the Southern Highlands HR Adviser positions have been ranked as High priority. The HR Adviser shared between East New Britain and Milne Bay has been rated as a Medium priority and will continue to June 2012. The other four positions will be phased out of the Program.

There is a continuing high level of demand for HR assistance from provincial administrations. HR assessments conducted with PPII provinces during 2008-09 found that few provincial staff responsible for HRM decision-making and advice to Provincial Management Teams (PMTs) had either HR qualifications or experience. The devolution of HR responsibilities from DPM to provincial administrations compounded the problem.

PPII acknowledges that HR support is the responsibility of the Department of Personnel Management (DPM) and that PPII advisers have duplicated the role of DPM. However, DPM admits that it does not have the resources to support

provinces and has collaborated with PPII's support to provincial administrations since 2008.

PPII and DPM have worked to develop an HR capacity building alternative to the use of technical advisers. A work attachment proposal has been developed and endorsed by the PPII Secretariat. The proposal was tabled at the PPII Steering Committee meeting of 30 November 2010. While the Committee did not endorse the proposal it did advise PPII and DPM to continue to work through the details and present the proposal to the Steering Committee in 2011 to seek approval.

The HR support program would involve DPM officers being attached to a Provincial Administration for up to two years. The attached officers would counterpart with the Provincial HR Manager and guide and support provinces through the HR devolution process. Costs of the attachment would be met jointly by DPM and the SNS Program. The working group will continue to meet in 2011 to refine the proposal and seek Secretary DPLGA, Secretary DPM and AusAID approval to pilot the Program in a sample of provincial administrations.

During 2011, the ISP will continue to support the second year of Diploma in Human Resource Management scholarships for four provincial HR officers (Central, East New Britain, Eastern Highlands and Simbu). The scholarships cover tuition, travel and per-diems for the HRM course conducted by the Divine Word University (DWU). A fifth scholarship will be awarded in 2011 for a HR officer from West Sepik Province.

2.6 Project Management Support (see also Logframe Component 1.3.8)

Infrastructure improvement is a key to improved service delivery. Improvements in roads allow people to take goods to market, to access services and for services to be delivered to where they live.

A Project Management Adviser (PMA) is employed as part of the PPII fly-in fly-out team. This position supports the establishment of systems and procedures for project management, capacity building, improved communication between stakeholders and strengthening of Provincial Supply and Tenders Boards (PSTB). The PMA is working at the District level in Central, Eastern Highlands, Morobe, West New Britain and West Sepik provinces. The demand for his time is high and he will initiate engagement with East New Britain, Manus and Simbu in 2011.

The Adviser has developed a number of formal training programs in project planning and monitoring, tendering and contract administration, managing consultancy contracts, project cost estimating, quality management, and understanding contracts law. He works closely with Development Advisers and Corporate Plan Implementation Advisers (CPIAs) to maximise the impact of his expertise.

2.7 Corporate Plan Implementation Advisers (see also Logframe Component 1.3.17, 1.3.23, 1.3.25, 1.3.26, 1.3.28-1.3.30)

Corporate Plan Implementation Advisers (CPIAs) support Provincial and District Management Teams and to implement Corporate Plans, coordinate PPII activities and monitor service delivery.

Tailored approaches to each province have been highlighted in Six-Monthly Reports for the years 2009 and 2010, and the CPIAs have moved in directions that are determined by respective provinces.

CPIAs are currently located in Morobe, Southern Highlands and West Sepik Provinces. Initially this role was planned for each PPII Province that did not have SNS co-located officers. However, as the Program has evolved, it has revised its approach to become more flexible, adaptable and responsive. Support is now tailored to the needs of each participating province. This has resulted in CPIAs not going into every province without an SNS team. The ISP may be requested to recruit CPIAs for Madang, Manus and New Ireland in early 2011.

In WSP, it has been seen that the province is working through a service delivery model to ensure districts and LLGs are forerunners in delivering frontline services. The CPIA in this province has supported this model by working with, and ensuring assistance from other technical advisers from the program are servicing districts and LLGs as well as systems alignment from the provincial HQ. To that end, a staffing re-structure was completed to re-distribute man-power between the provincial HQ, districts and LLGs (provincial HQ – 15%, district HQ – 35%, and LLGs – 50%), and inclusion of the Minimum Priority Activities (MPAs) in the 2009 and 2010 annual budgets of WSP. In Morobe province, it is the same except that they have just initiated work on the new service delivery model in 2010. They are undertaking a staffing re-structure, and are working on their MPAs. SHP is a different case; it is restoring administrative systems and functioning of bureaucracy. The CPIA in SHP was mobilised towards the end of 2010, and he is working towards better understanding of local issues in the province. It is a complex and highly volatile environment with the establishment of a newly created province and landowner issues over participation on the multi-billion-dollar Exxon Mobil-led Liquified Natural Gas (LNG) project.

2.8 Development Planning and District Facilitation Advisers (see also Logframe Component 1.3.10, 1.3.16, 1.3.19, 1.3.27)

Development Advisers and District Facilitation Advisers improve engagement between provincial and district levels with particular emphasis on planning and implementation, coherence and coordination between sub-national levels of government. Given the substantial funds from the national government to districts through the District Services Improvement Program (DSIP), it is important for technical support to be available to maximise development outcomes.

The Development Adviser in Central Province has built capacity in the Planning Division and empowered its officers. His role has evolved to District Implementation Facilitator as he supports implementation of the District Development Plans.

A Development Adviser was mobilised to Milne Bay to support the Provincial Administration to develop, implement, monitor and evaluate Provincial, District and LLG plans through participative processes. While this position was rated as a Low Priority by the recent TA review, the PA Milne Bay has requested that the position continue to 31 December 2011 and DPLGA and AusAID have agreed.

The role of the Technical Facilitator for Huon Gulf, Morobe Province is to enhance the capacity of the District Administration to implement programs that align five-year development plans with DSIP funding. The adviser will initially work with the staff of Huon Gulf District Administration and will progressively include other Morobe District Administrations in strengthening DSIP project planning, implementation, monitoring and review.

A District Services Capacity Building Adviser will commence in West Sepik Province in early 2011. The objective of this position is to enhance the performance of district administrations and LLGs under the West Sepik Provincial Administration to get basic systems right to enable delivery of government services – health centres working, schools maintained and operational, village courts functioning and timely and effective distribution of health and school supplies.

Recruitment for the Southern Highlands District Development Adviser is on hold pending approval from DPLGA. This role supports preparation of development plans with the aim of ultimately improving service delivery at the District level; however Southern Highlands Province is now a preparatory province for PPII and has moved away from special assistance from AusAID. Comparatively, Southern Highlands is receiving more support than other preparatory provinces.

2.9 Performance Monitoring Division (PMD) Advisers (see below at 4.3 and Logframe Component 1.6)

The PMD team will reduce from five to three full time technical advisers during 2011. The remaining positions, working with the ICT team, to establish mechanisms to improve PMD's capacity to coordinate report and monitor service delivery at national and sub-national levels. These systems include the Provincial and Local Level Service Monitoring Authority (PLLSMA), Provincial Coordination and Monitoring Committees (PCMC), and improving the quality of S.119 reporting and feedback. The Function Assignment Adviser will continue to clarify responsibilities for service delivery and to ensure adequate funding is provided for specific service delivery functions at the appropriate level of government. The Communications Adviser and the Committee Coordination Adviser will complete their inputs in May 2011.

2.10 The Policy and Legal team (see also Logframe Component 1.7)

The Policy and Legislative Drafting Advisers support DPLGA to provide strategic advice to the Minister and implement GoPNG priorities. A Revenue and Taxation

Adviser joined the Legal and Policy Division (LPD) during 2010. The team focuses on new policy and legislative amendments to support service delivery and address issues that inhibit the effective delivery of services.

The Legislative Drafting Adviser also supports NEFC and PLLSMA and offers peer review to the ABG's Legislative Drafting Adviser. During 2011, the team will support and mentor two or three Provincial lawyers to undertake the University of the South Pacific's Professional Diploma in Legislative Drafting (PDLD) course (see Logframe 1.7 and Non-TA Capacity Building below). The team will also support DPLGA to host the annual Provincial Lawyers Conference.

The Revenue and Taxation Adviser is working to develop internal revenue policies for provinces seeking autonomy (East New Britain and New Ireland). This Adviser also supports PPII provinces to maximise internal revenue and streamline collection systems.

2.11 National Economic and Fiscal Commission (NEFC) (see also 4.4 below and Logframe Component 1.8)

In 2011 NEFC will implement Year Three of the Reform of Inter-governmental Funding Arrangements (RIGFA) following amendments to the Organic Law. Four advisers support NEFC to build partner agency capacity and systems to implement an evidence-based, sustainable approach to inter-governmental financing arrangements. Over a five year period, those provinces in need will have an increased provincial recurrent budget for specific service delivery sectors, including health, education, law and justice, agriculture extension and infrastructure.

2.12 National Research Institute (NRI) (see also Logframe Component 1.9)

A Research Coordinator works with SNS stakeholders to manage a program of research which will capitalise on lessons learned from sub-national activities. This role will continue to be refined during 2011 and will work to ensure SNS has an effective evidence-based research function.

2.13 Office of Rural Development (ORD) (see also Logframe Component 1.10)

The District Information Management System (DIMS) adviser is supporting ORD to introduce an information management system to track DSIP planning, expenditure and project management. The European Union is providing K 4 million funding for DIMS while SNS is providing the Adviser. The system will collect and consolidate district profiles, asset registers, and a project reporting system for all 89 districts in PNG.

2.14 Autonomous Bougainville Government (ABG) (see below 4.5 and also Logframe Component 2.1)

The technical adviser review conducted in mid 2010 will have an impact on the adviser cadre in Bougainville in 2011. Two positions, Economic Development and Human Resources, were ranked low and will be withdrawn during the year.

Negotiations are being conducted between AusAID, the ABG Administration and the ISP to achieve this with minimal adverse effect on the administration.

The other adviser positions were ranked high and the ABG has indicated its agreement that the present incumbents remain. During 2010 the Taxation & Revenue Adviser was relocated to Port Moresby and his ToRs amended to enable him to provide advisory support to PPII provinces as well as retaining a role in Bougainville. This arrangement will continue in 2011.

A new government was elected in 2010 and its policy priorities will influence much of the work of the advisers over the forthcoming twelve months.

2.15 Southern Highlands Province (see also Logframe Component 2.2)

In 2011, there will be significant engagement with the Southern Highlands Provincial Administration. As a special case province, there are specific challenges to improving service delivery. A specialised support package of a Human Resource Adviser, Corporate Plan Implementation Adviser and Development Planning Adviser will allow for a more targeted approach to improving services. The Lead Finance Adviser and the Capacity Effectiveness Coordinator will also offer support to SHP in 2011. DPLGA will facilitate the introduction of a PCMC to SHP in 2011.

2.16 Non-Technical Assistance Capacity Building (see also Logframe Component 1.5)

In 2011, the ISP will continue to refine and build on non-TA based capacity building activities. Non TA capacity building will be specific focus for SNS in 2011 given the impact of the TA review. There will be an increasing focus on non TA capacity building activities in meeting agreed development needs and priorities.

In 2011, the ISP will develop and implement a comprehensive capacity diagnostics process which will aim to identify strengths and needs in the agency and the most appropriate forms of support to meet those needs. The capacity diagnostics process will provide information about what other capacity development tools are available through SNS other than technical assistance. The ISP will continue to build on the training, scholarships, and provincial exchanges and explore other modalities such as twinning programs, grants and volunteer placements.

Non TA methods will focus on long term strategic outcomes related to service delivery to ensure there is an available skilled work force to deliver services at sub-national levels. Approaches will be analysed and proposed to SNS partners with emphasis on how an activity contributes to improving sustainable service delivery.

These activities include:

- Professional Diploma in Legislative Drafting – in 2011, at this stage three individuals have been identified to participate in the Professional Diploma in Legislative Drafting
- Diplomas in Human Resource Management
- Provincial Exchanges

- Twinning support for the Sandaun Physical Planning Unit - there is a need for skilled and experienced provincial officers to support the provincial Land Boards to implement the devolved physical planning functions, this will be further explored in early 2011
- Work placements and secondments between National Agencies and Provincial Administrations and a financial audit program to strengthen financial management. The CEC and Lead HR Adviser in consultation with DPM and DPLGA are exploring DPM secondments to Provincial Administrations to improve HR capacity in the provinces following the devolution of HR powers and also strengthen DPM's understanding of how to provide HR support to the province.

The proposed non-TA activities, including the DPM secondments and Twinning support for the Sandaun Physical Planning Unit were discussed with DPLGA in late 2010. Consultation with other SNS stakeholders will occur in the first quarter of 2011 and submissions to the PPII Secretariat will be prepared as agreed.

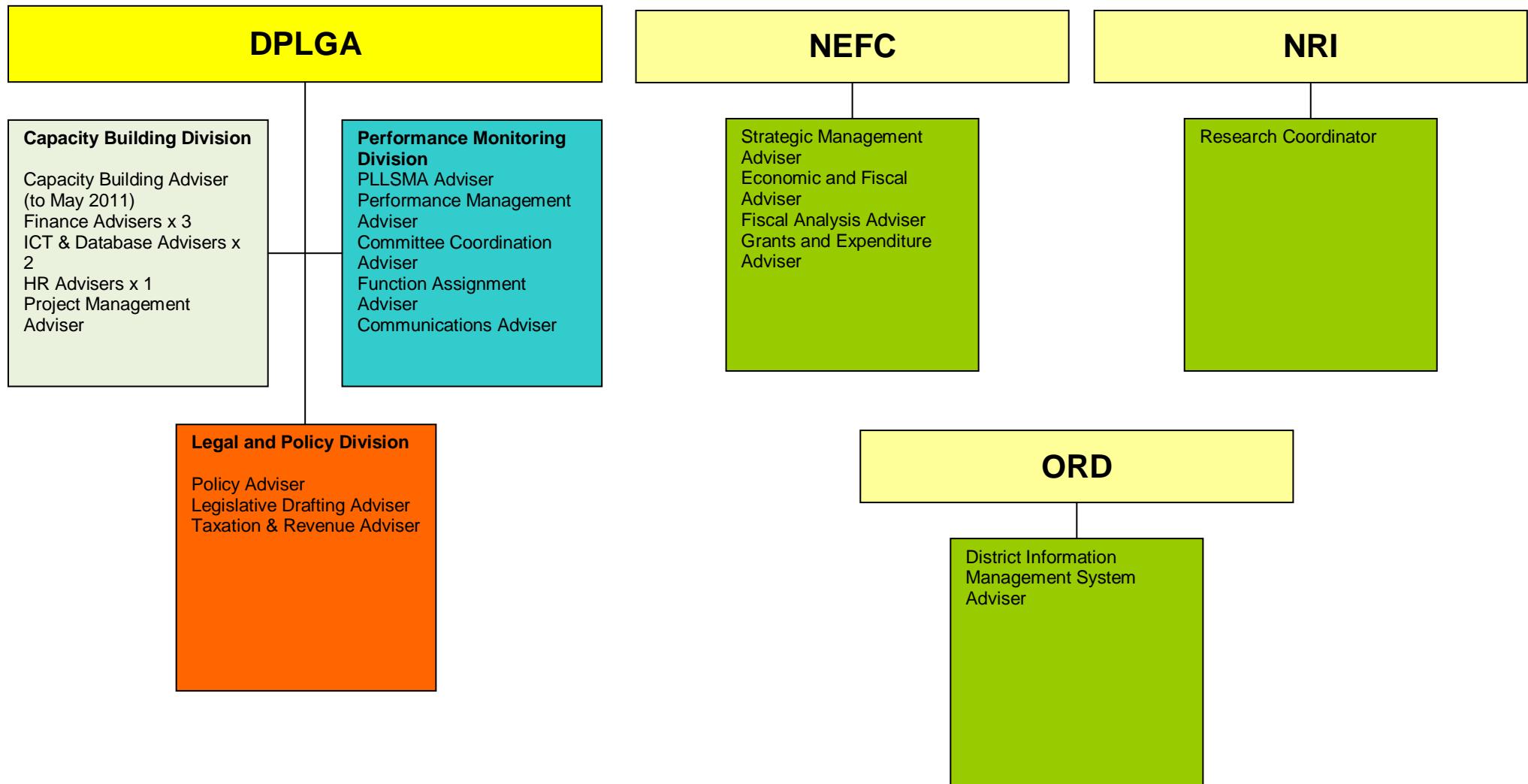
Capacity Needs Assessment Workshops for DPLGA will be conducted early in 2011 to identify capacity needs and appropriate TA and non TA capacity building support for 2011 and onwards.

The CEC will develop a process and program for peer reviews in consultation with the Technical Advisers for peer reviewing Technical Adviser work to ensure capacity building effectiveness. The process and benefits of peer reviews was introduced to advisers at the October 2010 adviser workshop.

2.17 Cross-Cutting Development Issues (see also Logframe Component 1.11.3 – 1.11.5)

Technical advisers are experts in their field but may be unfamiliar with cross-cutting issues which contribute to economic and social development. The ISP ensures all program personnel are aware of the importance of these issues during orientation and on-going discussion and reinforcement of these issues ensure they are systematically incorporated into daily activities. HIV/AIDS, Gender and Development, Poverty Reduction, Anti-Corruption and Fraud Control, Maternal Health Status, Domestic Violence, Economic Development and Environmental Impacts are themes across all ISP's activities.

NATIONAL AGENCY SUPPORT



PROVINCIAL SUPPORT PHASE 2

PROVINCIAL SUPPORT PHASE 1¹⁰

Madang	Manus	Morobe	New Ireland	Oro	Simbu	West New Britain	Enga	East Sepik
Technical Advisory Support CPIA (1) HR Adviser (0.5) (to May 2011) Finance FIFO ICT FIFO Gender Adviser	Technical Advisory Support CPIA (1) Finance FIFO HR FIFO ICT FIFO Gender Adviser	Technical Advisory Support CPIA (1) Technical Facilitator (1) Finance FIFO ICT FIFO HR FIFO Gender Adviser	Technical Advisory Support CPIA (1) Finance FIFO HR FIFO ICT FIFO Gender Adviser	Technical Advisory Support CPIA (1) Finance FIFO HR FIFO ICT FIFO Gender Adviser	Technical Advisory Support CPIA (1) Finance FIFO HR FIFO ICT FIFO Gender Adviser	Technical Advisory Support CPIA (1) Finance FIFO HR FIFO ICT FIFO Gender Adviser	Technical Advisory Support CPIA (1) Finance FIFO HR FIFO ICT FIFO Gender Adviser	Technical Advisory Support CPIA (1) Finance FIFO HR FIFO ICT FIFO Gender Adviser
Financial Support K500,000 over two years 2010-2011	Financial Support K500,000 over two years 2010-2011	Financial Support K500,000 over two years 2010-2011	Financial Support K500,000 over two years 2010-2011	Financial Support K500,000 over two years 2010-2011	Financial Support K500,000 over two years 2010-2011	Financial Support K500,000 over two years 2010-2011	Financial Support K500,000 over two years 2010-2011	Financial Support K500,000 over two years 2010-2011

10 New Ireland will be graduated to Phase I in 2010 pending DPLGA Capacity Building Division monitoring and assessment visit.

PROVINCIAL SUPPORT – PREPARATORY PHASE

3. Planning and Monitoring Process

The SNS 2011 Annual Program Plan (APP) is shaped by the ISP's lessons learned and shared experiences since the inauguration of the Program in 2007. While there have been many lessons identified, four main themes have emerged:

- Capacity is built with and through Papua New Guinean people and systems;
- Capacity is better sustained if it is embraced and fostered by Papua New Guineans;
- Progress towards sustainable outcomes is better when consolidated and embedded, rather than searching for 'quick wins'; and
- Success needs to be documented and shared.

This APP was developed by the ISP for the SNS management team following on-going consultation with SNS stakeholders. Rather than separate planning meetings, the ISP used several scheduled SNS Program events where future plans and activities were discussed with GoPNG stakeholders, AusAID officers and ISP-employed advisers. This approach minimised the financial and opportunity costs for stakeholders of separate planning meetings. The events used to shape the APP for 2011 included:

- The 2010 AP Annual Activity Plan formed the basis of the 2011 plan as many activities will continue until the ISP's contract ends at 31st May 2011, and beyond.
- PPII Secretariat meetings and past minutes including all Provincial Administration initiatives approved by the Secretariat.
- Strategic meetings with AusAID Program Director, First and Second Secretaries, Senior Program Officers.
- Input from SNS Co-located Officers and Development Specialists.
- Independent PPII Review meetings with DPLGA and Provincial officers.
- Independent PPII Review Report.
- PPII Steering Committee meeting (November 2010 in Lae),
- PPII Peer Review (September 2010 in Kokopo).
- Governance Implementation Fund Quarterly Reviews (February, June & September 2010).
 - 19th February 2010
 - 4th June 2010
 - 23rd September 2010
- Three SNS Adviser workshops.
- Review of ISP Contract to ensure all contractual obligations were covered.
- Identification of AusAID, DPLGA, NEFC, ORD and NRI requests to ensure they are reflected in the APP 2011.
- SNS advisers review and update workplans for 2011 (workplans to be signed off with counterparts by 30 January 2011).
- Review IRT report to ensure recommendations were factored into the APP.

Where additional information was required, consultation was held with stakeholders individually.

SNS is designed to be flexible. The ISP responds to emerging initiatives as requested and decisions to vary activities identified in this document. Variations of planned activities will be reported in Progress Reports. Approvals for emerging activities will be sought through the PPII Secretariat (PPII activities) and/or through AusAID tasking notes.

Expenditure is reported through quarterly ISP financial reports with variations between actual and budgeted expenditure highlighted and explained. The ISP will alert SNS stakeholders to substantial variations from the Implementation Plan.

3.1 Major Implementing National Agencies

- Department of Provincial and Local Government Affairs (DPLGA).
- National Economic and Fiscal Commission (NEFC).
- Department of Personnel Management (DPM).
- National Research Institute (NRI).
- Office of Rural Development (ORD)

3.2 Participating Provincial Governments (as of January 2011)

- PHASE 2¹¹
- Central Province
- East New Britain
- Eastern Highlands
- Milne Bay
- Sandaun

PHASE 1

- East Sepik
- Enga
- Madang
- Manus
- Morobe
- New Ireland
- Oro Province¹²
- Simbu Province¹³
- West New Britain

¹¹ See a description of the phases below at 3.2.

¹² Oro first entered Phase I in 2007, however due to the December 2007 natural disaster and the Oro Administration's subsequent delays in meeting PPII perquisites for Phase I Provinces it has not received any PPII assistance. During the latter part of 2010 Oro has begun to receive PPII assistance. It is planned that Oro will re-engage as a PPII Phase I Province early in 2011.

¹³ Simbu was suspended from PPII in late 2008 due to irregularities with its Trust Fund. DPLGA began re-engagement with Simbu in late 2010.

PREPARATORY PHASE

- Gulf Province
- Western Highlands
- Southern Highlands Province

STILL TO ENTER PREPARATORY PHASE

- National Capital District
- Hela¹⁴
- Jiwaka¹⁵

SPECIAL CASE PROVINCES

- Western Province

AUTONOMOUS BOUGAINVILLE GOVERNMENT

3.3 Main Reference Documents

A list of the main reference documents used to develop the APP is included at Appendix 5.

4. Component and Activity Description

4.1 Purpose and Goal

The Goal of Australia's Sub-national Strategy for PNG is to be:

"A partnership between the Government of Papua New Guinea and the Government of Australia to improve service delivery for the men, women and children of Papua New Guinea."

4.2 Component Description

The Australian Government's Sub-national Strategy for Papua New Guinea consists of three components:

1. Support GoPNG initiatives that aim to improve public administration and governance processes related to enhanced service delivery through the expanded Provincial Performance Improvement Initiative (PPII).
2. Support the performance of Bougainville and provinces of national interest to both GoPNG and GoA (Special Case Provinces – Southern Highlands and Western).
3. Support the alignment of AusAID's ongoing programs in PNG so that they are more responsive to service delivery challenges at the sub-national level¹⁶.

¹⁴ Hela is one of the two new provinces to be created as of the general elections in 2012, transitional arrangements will be established from 2010 and have requested PPII support.

¹⁵ Jiwaka is the second of the two new provinces to be created as per Hela above.

¹⁶ p1, Schedule 1: Scope of Services, Papua New Guinea Sub national Strategy (Contract 41966), AusAID

For the purposes of planning, resourcing and monitoring Program activities, these components have been broken into a number of sub-components which align with support modalities. These include management of incentive trust funds, managing technical assistance (TA) and non-TA activities such as provincial exchange programs and support for Diplomas in Legislative Drafting and Human Resource Management.

The project management logical framework (Logframe) at Appendix 1 summarises these sub-components in greater detail providing a project description, assigned responsibility, identified performance indicators and their means of verification, additional explanatory comments, resource requirements and time frames.

For a Logframe to be meaningful, descriptions are kept at a high level. Adviser workplans provide comprehensive detailed description of activities. Workplans are based on terms of reference, outline planned activities; explain the rationale for activities and specify timelines for completion. They are developed with counterparts and are reviewed annually. For further information on adviser workplans and reporting, refer to Section 4.3 of this plan. All Adviser workplans can be accessed through the SNS website <http://www.subnationalstrategy.org>

SNS Component I - Support GoPNG initiatives that aim to improve public administration and governance processes related to enhanced service delivery through the expanded Provincial Performance Improvement Initiative (PPII)

PPII's objective is:

Improved service delivery by provincial, district and LLG administrations through more efficient and effective public administration.

PPII also has a number of Enabling Objectives:

1. Strengthen Corporate Management of the Provincial and District Administrations;
2. Strengthen relations between Provincial/District Administrations and Elected Leaders;
3. Streamline National Agency support for Provincial and District Administrations; and
4. Enhance accountability of Provincial and District Administrations for service delivery.

The independent review conducted in 2010 found that PPII “*encourages and supports reform opportunities by capitalising on the initiatives of Provincial and District Administrations and Local-level Governments that have already started developing improvement plans and can show a strong commitment to following them though.*”

Provinces enter PPII through a formal process of development and assessment against public administration criteria. The PPII design offered assistance to Provinces, Districts and Local Level Governments (LLGs) in four stages.

Preparatory Phase	PPII engagement
Phase I	Improving Corporate Systems
Phase II	Service Delivery
Phase III	Consolidating Improvements and ensuring their sustainability

The PPII Review recommends that this staged approach be changed with the preparatory Phase and Phase I becoming “core business” for the whole of DPLGA and a new incentive based program supported by donors be established to reflect DPLGA’s strategic and capacity development support for provinces. At the time of preparing this AAP the PPII Review recommendations have not been implemented. This AAP follows the existing PPII design, recognising the need to be flexible and ready to adapt to DPLGA’s requirements.

PPII’s present approach requires acceptable standards in administrative efficiency, planning, budgeting and financial management. Staff productivity and effective relationships between the administrative and executive arms need to exist before a Province qualifies for PPII support, including financial support, co-located AusAID officers or Corporate Plan Implementation Advisers and other forms of technical and non-technical assistance.¹⁷

The Key Principles guiding the expanded PPII program are:¹⁸

- Improved service delivery is the primary objective;
- Provincial leadership and ownership is essential and PPII respects, promotes and strengthens the pivotal role of the provincial administrations in coordinating service delivery through the district administrations;
- PPII recognises that districts are at the front line of service delivery and places emphasis on strengthening district management systems;
- Provinces and districts vary greatly in contexts and capacity from one another. The SNS Program will remain flexible and maintain a rolling design to respond to needs expressed by individual provinces; and
- PPII supports the whole-of-government approach to coordinate key central and sector agencies in order for service delivery to be effective and efficient.

¹⁷ Papua New Guinea Sub-national Strategy 2007 – 2011: Draft Design Document, AusAID, 2006

¹⁸ Guide to Services and Performance Requirements under the Provincial Performance Management Initiative (PPII); by Department of Provincial and Local Level Government Affairs (DPLGA) Supported by Department of National Planning and Monitoring and the Australian Agency for International Development, 2007.

The PPII component of SNS is broken into several sub-components.

Component 1.1	Provision of capacity building support to DPLGA Capacity Building Division (CBD), Performance Monitoring Division (PMD) and Legal and Policy Division (L&PD).
Component 1.2	Provision of Financial Incentives through PPII Trust Funds.
Component 1.3	Provision of Technical Assistance support to PPII Phase II Provinces (Central, ENB, EHP, Milne Bay & Sandaun) and PPII Phase I Provinces (East Sepik, Enga, Madang, Manus, Morobe, New Ireland, Oro, Simbu and West New Britain).
Component 1.4	Provision of incentive-based support to Provinces in the Preparatory Phase of the PPII Program (Gulf and Western Highlands).
Component 1.5	Provision of Non-Technical Assistance support to PPII Provinces (Phase II, Phase I and Preparatory Phase).
Component 1.6	Support to the DPLGA Performance Monitoring Division including the Provincial and Local Level Service Monitoring Authority (PLLSMA).
Component 1.7	Policy and Legislative Drafting support for DPLGA and Provincial Administrations.
Component 1.8	Support for National Economic and Fiscal Commission Reform to Inter-governmental Funding Arrangements (RIGFA).
Component 1.9	Support for National Research Institute (NRI).
Component 1.10	Support for the Office of Rural Development (ORD)
Component 1.11	Whole of Sub-national Strategy activities to support sub national governments.

The focus for Component 1 is capacity building for national agencies and provincial administrations. This includes incentive trust funds for capacity building activities in Phase I Provinces and service delivery enhancements in Phase II Provinces. There is a structured internal audit program managed by the ISP to strengthen the transparency and probity of AusAID-funded Trust Funds that utilise the GoPNG Provincial Government Accounting System (PGAS) for accounting purposes (see Section 5.7 below for details).

There will be increased emphasis on non-TA capacity building in Component 1. Rather than duplicating existing activities, training opportunities will utilise and complement existing GoPNG and donor programs and resources. Examples include the Treasury Finance Branch, United Nations Development Program's Provincial Capacity Building (PCaB), Central Supply and Tenders Board (CSTB) training materials, the Department of Finance's Strengthening Program for Internal Audit (SPIA) and Finance Training Branch (FTB), the Department of Personnel Management (DPM) officers and the Public Service Workforce Development Program

(PSWDP). DPLGA and the ISP have worked with these organisations since 2009 and will progress cooperation throughout 2011.

As well as capacity building support for DPLGA and provincial and district administrations, Component I identifies the ISP's support to the PPII Secretariat, PPII Steering Committee and Provincial Administrations' Annual Peer Review.

Component 1 also covers support for the Provincial and Local Level Services Monitoring Authority (PLLSMSA); the National Economic and Fiscal Commission, the National Research Institute and the Office of Rural Development (ORD) (see Appendix 1 Logframe for detail).

4.3 Component 1.6 Performance Monitoring Division (PMD) and PLLSMA (see also Logframe Component 1.6)

The team of full time advisers in DPLGA's Performance Monitoring Division (PMD) will reduce from five to three during 2011. The Committee Coordination Adviser and the Communications Adviser roles were rated Low by the TA review and will finish at the end of contracts in May 2011.

The remaining three positions will work with counterparts, and the ICT team, to strengthen PLLSMA's capacity to coordinate report and monitor service delivery. Advisers will work with counter-parts to implement four major functional areas programs:

- Provincial and Local Level Services Monitoring Authority;
- Provincial Coordination and Monitoring Committees
- S.119 and minimum priority activity reporting
- Function Assignment Determination.

The **PLLSMA Adviser** supports PLLSMA Secretariat to coordinate and implement PLLSMA decisions across GoPNG National Agencies to deliver improved sub-national level services. The PLLSMA Adviser will is also the PMD Lead Adviser and will continue to support PCMCs following the Committee Coordination Advisers departure.

The **Performance Management Adviser** supports PMD to improve performance management and reporting through both S.119 and Internal Management Reporting. A database has been developed to capture, analyse and report on S.119 data. The S.119 information system was rolled out to seven Pilot Provinces (Central, Eastern Highlands, Madang, Milne Bay, New Ireland {inclusion will be reviewed}, Sandaun and Simbu) commencing in March 2010. Under Sections 110 and 119 of the Organic Law for Provincial and Local Level Government (OLPLLG) Provincial Administrations are required to report on service delivery to the National Parliament. Templates for S.119 reports have been developed and a database is under construction to enable provinces to report on their performance in service delivery. These reports are analysed by PMD counter-parts and feedbacks provided to support continuous performance improvements.

The **Function Assignment Adviser** is improving clarity of roles and responsibilities through the development and implementation of a *Function Assignment Determination*, identifying which levels of government and which agencies are responsible for delivering which components of service delivery. The determination was approved by National Executive Council (NEC) in 2009 and the Adviser will continue to support PMD during its implementation.

4.4 Component 1.8 National Economic and Fiscal Commission (NEFC) (see also Logframe Component 1.8)

In 2011, the SNS/NEFC team of three full time advisers and one periodic adviser will support NEFC to implement Year Three of the Reform of Inter-governmental Financing Arrangements (RIGFA). This work will reshape funding for provincial administrations with a greater emphasis on recognising the costs of service delivery and the focus on implementing Minimum Priority Activities.

Year Three of RIGFA will focus on:

- Further improving provincial capacity to budget and report on Minimum Priority Activities (MPAs);
- Communicating the Reforms to partners and provincial governments;
- Monitoring trends in provincial expenditure;
- Improving capacity of partner agencies to monitor implementation; and
- Monitoring and managing risks to RIGFA.

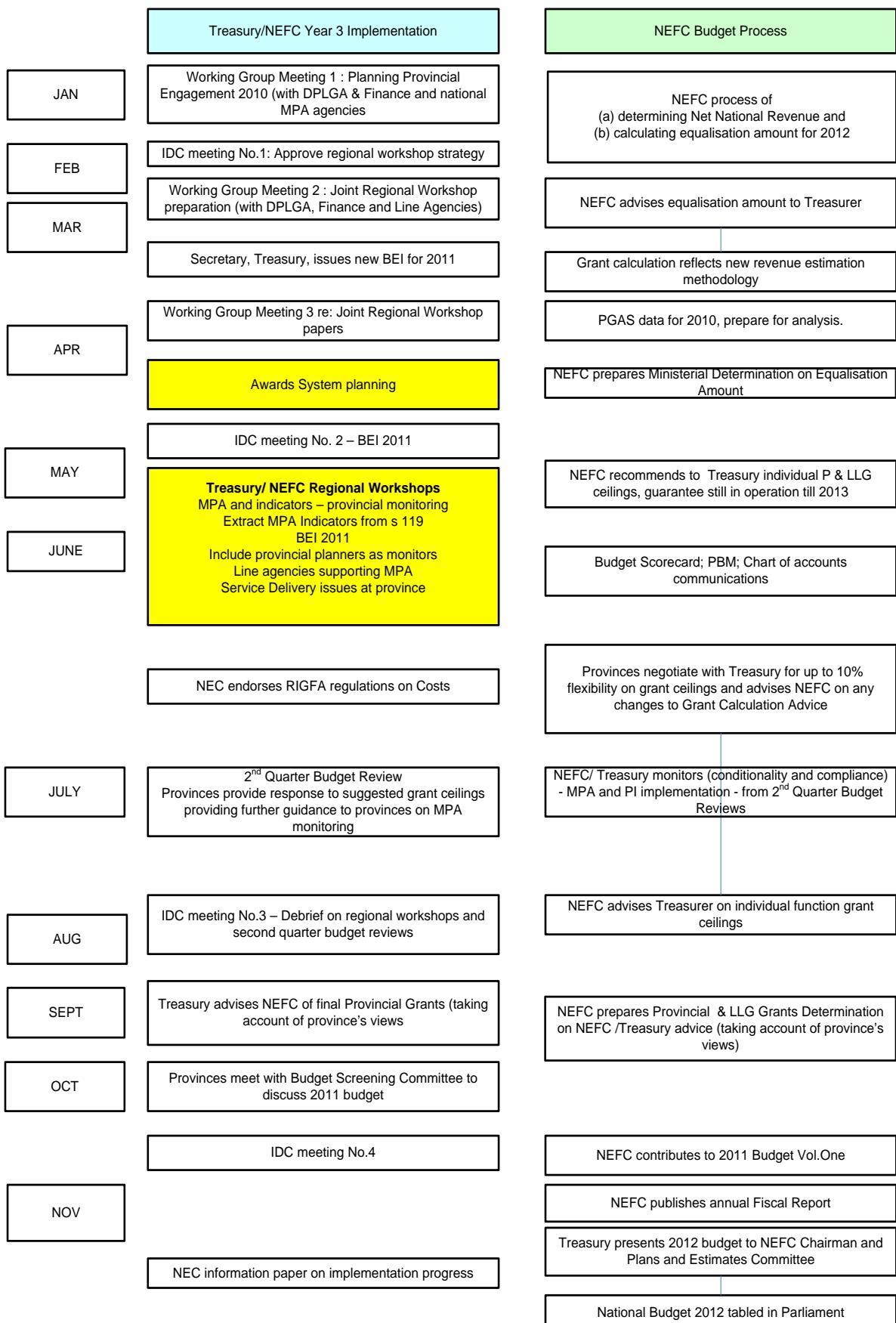
NEFC will continue the annual calculation of provincial and LLG grants and prepare advice to government. It will pursue the final stages of legislative amendments required to support the new system, including Cost of Services Regulations. Once the OLPLLG Amendments are finalised, there will be selection and induction of new Commissioners. The inter-departmental committee (IDC) will continue to coordinate central agencies, monitor implementation of RIGFA and report back to Government.

The position of Strategic Management Adviser (SMA) will support the NEFC to continue to build the capacity of partner agencies to implement the Reforms. This includes for example: strengthening Treasury to implement and monitor a conditional grants system; build the capacity of PLLSMA and DPLGA to monitor service delivery and MPA; strengthening the provincial focus on MPA to improve service delivery.

The NEFC will assist PLLSMA to fulfil its services monitoring role as agreed in the “Forward Agenda Paper” accepted at the September 2010 meeting. The annual Provincial Expenditure Review (PER) on key service delivery sectors will be published at the end of the third quarter of 2011. The PER will have six years data on which to base policy decisions

The main NEFC activities during 2011 are graphically depicted on the following page.

RIGFA IMPLEMENTATION PLAN 2011



Component II Support the performance of Bougainville and provinces of national interest to both governments (Special Case Provinces – Southern Highlands and Western).

SNS Component II comprises targeted engagement in special case provinces (defined as Provinces of national interest to both Papua New Guinea and Australia) which include Western Province, Southern Highlands Province and the Autonomous Region of Bougainville (ARB).

Component 2.1	Funding and advisory support to the Autonomous Bougainville Government (ABG) for improved governance and implementation of autonomy.
Component 2.2	Develop and support strategies for providing assistance in certain provinces where poor security or national interest issues pertain – Southern Highlands and Western Province.

4.5 Component 2.1 Bougainville (see also Logframe Component 2.1)

Seven full time and two periodic advisers support the ABG Administration both in its post-conflict recovery and in the draw-down of powers from the National Government.

The adviser team will continue to work with the Autonomous Bougainville Government (ABG) in 2011, supporting all aspects of government service delivery. This team works closely with the ABG to identify priorities and opportunities and to develop sustainable service delivery improvements in Bougainville.

Following a review of the Governance Implementation Fund (GIF) the ABG administration issued an Explanatory Note in 2010 for the guidance of the administration and community. In essence the Note confirmed GIF as a funding modality and determined that GIF funding would be allocated as part of the ABG annual planning process. The ISP's responsibilities now focus on the financial management of the GIF funds and, to this end, the GIF coordinator role was rescoped into a finance officer position. The Administration has now issued a 2011 Explanatory Note and the ISP will continue to work with the ABG and the two major donors, AusAID and New Zealand, to ensure effective management of funds.

A major priority for ABG in 2011 will be the continuing work towards the drawdown of powers from the National Government. The **Policy Development Adviser** and **Legislative Drafting Adviser**, will continue to be heavily involved with providing advice and support to the ABG in this regard. This is a sensitive process and involves high level negotiations between the two levels of government.

The Economic Development Policy and associated investment policy was adopted by the ABG and work has commenced developing an implementation plan. The **Economic Development Adviser** has completed his assignment and will demobilise in January 2011.

During 2010 the administration recruited 136 officers to vacant positions and work will continue in 2011 to support these new officers. The administration has signalled its intention to undertake an organisational and structural review in 2011. The **Human Resource Adviser** position has been ranked low and the adviser will depart in May 2011.

Progress continues to be made to strengthen the tendering and procurement procedures of ABG. The Technical Services Division has been without a permanent CEO for a large part of

2010 and this will continue into 2011. In addition the division received a number of new technical officers in the 2010 recruitment and is restructuring to place technical officers at regional level. The **Procurement & Contract Management Adviser** will continue to support the acting CEO in these endeavours.

The **Planning & Budget Adviser** position was mobilised in April 2010. The adviser will work with the CEO Planning and Finance & Treasury to strengthen planning and budget processes.

The **Finance & Expenditure Adviser** will continue to work with ABG to strengthen its performance in Finance and Expenditure processes critical to a government committed to expanding its autonomy.

The **Taxation and Revenue Adviser's** role is now periodic but will continue to support the administration. The ABG is looking at opportunities to expand its internal revenue base and the expertise of the T&R adviser and legal advisers will be critical to this process.

The **Legal Adviser** will continue to provide periodic inputs in direct response to requests of the ABG. This is expected to increase in 2011 as the ABG addresses mining and resource development, particularly in relation to the future of the Panguna mine and associated land-owner issues.

4.6 Component 2.2 Southern Highlands Province

A Human Resource Adviser for the Southern Highlands Province (SHP) has been assisting with recruitment of all SHP Administration positions since November 2008. A Corporate Plan Implementation Adviser was mobilised to Mendi in November 2010 and a Development Planning Adviser will be recruited during the second quarter of 2011. SHP is also accessing budget development assistance from the PPII Lead Finance Adviser. The Capacity Effectiveness Coordinator arranged for the Public Service Workforce Development Program (PSWDP) to run public service inductions for SHP's newly recruited management team in August 2010. Following the Administrator's attendance at the PPII Peer Review SHP is capitalising on its exposure to PPII and SNS, adopting many of the better practices used by other PPII provinces.

Component III Support the alignment of AusAID's ongoing programs in PNG so that they are more responsive to service delivery challenges at the sub-national level.

Component III of the SNS is to inform AusAID and the Government of Australia on PNG systems and processes to better coordinate and assist in supporting the development of the People of PNG.

Component 3.1	Australia's engagement with sub-national levels of government under the SNS will increasingly be drawn on to inform and shape the delivery of the broader aid program to PNG.
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The ISP will respond to activities under this component as requested by AusAID. An expanding activity in 2012 will be the Kokoda Development Program. The ISP has been asked to take over the contracts for two Basic Education Development Program (BEDP) staff who are working on the Kokoda program. The ISP also holds funds in trust for procurement of goods and services as part of the multi-sectoral approach to supporting the population living near the Kokoda Track.

5. Implementing Service Provider Support to SNS

The ISP's core function is to provide administrative and logistic support for the partnership between the Government of Papua New Guinea and the Government of Australia to improve service delivery for the men, women and children of Papua New Guinea. The ISP responds to instructions from AusAID's SNS to enable the GoPNG to improve service delivery in the context of its decentralised system of government. The ISP does not lead the service improvement program, but supports it, either by providing technical assistance or procuring goods and services, to build GoPNG capacity to lead this improvement in areas agreed to between AusAID and GoPNG in the Annual Program Plan (APP). The ISP will undertake a range of specified functions under the program, with a degree of flexibility structured into the management arrangements for each set of functions. These functions include the following:

- Program planning;
- Recruitment and management of technical assistance (including but not limited to Advisers, Volunteers and Research Officers);
- Performance management and assessment;
- Capacity building training programs as requested by clients and approved by AusAID;
- Logistics and administration support for the contractors team, including technical assistance;
- Funds management; and
- Research, information gathering and dissemination.¹⁹

The following section of this AAP outlines how the ISP fulfils its responsibilities in these areas. This Plan should be read in conjunction with the ISP's detailed Program Procedures Manuals which are updated each March and September.

5.1 Program Planning

The SNS has a number of objectives and identified program activities. The two key planning documents for the Program:

- 2011 APP: due 13 December 2010.
- Annual Program Implementation Plan (APIP): due 30 days following receipt of final comments from AusAID on the APP.

An effective planning process should anticipate and plan for most activities throughout the year, but recognising that ad hoc requests will emerge, particularly in a flexible and demand-driven program such as the SNS.

Whilst the current contract that Coffey has with AusAID expires on 31 May 2011, on the instruction of AusAID this Annual Plan has been prepared for the full 2011 calendar year.

The ISP's planning process for 2011 is described in detail at Section 2 above.

19 p1, Schedule 1: Scope of Services, Papua New Guinea Sub national Strategy (Contract 41966), AusAID

Requests outside of Annual Plan Activities

The planning process anticipates and plans for most activities throughout the year. However, the demand-driven and flexible scope of the Program means that activity requests falling outside those captured in the APP are likely to emerge. These emerging activities need a defined response mechanism and system for approval.

Previously, ad hoc requests for assistance and suggestions for expanded SNS and PPII engagement outside of the APP came from many sources including provincial administrations, politicians, national agencies, AusAID, technical advisers and the ISP.

All requests for PPII assistance not included in the APP now follow formal channels through the office of the Secretary of DPLGA to the PPII Secretariat.

- The Secretariat discusses the proposal and determines whether a request meets the criteria for assistance.
- If approved, the Secretariat tasks the ISP to scope assistance, in consultation with GoPNG, AusAID and other relevant stakeholders.
- A draft proposal for assistance is circulated to stakeholders, with feedback required within a defined timeframe.
- The PPII Secretariat endorses the plan and the ISP implements the activity. A similar exercise is replicated for the Special Case Provinces and Bougainville.
- SNS activity requests, not related to the PPII would follow a similar model; however approval processes are directed through the AusAID Program Director, rather than the PPII Secretariat.

The ISP responds to requests from AusAID and GoPNG for information relating to the program within agreed timeframes. The ISP is currently responding to a recommendation from the 2010 IRT to improve this process of tasking notes between AusAID and the ISP. The improved process will help ensure adequate information and realistic timeframes are provided in tasking ISP with activities.

5.2 Recruitment and Management of Technical Assistance

Drawing from lessons learned from four years experience as the managing contractor for SNS and from other Coffey International Development programs, the ISP has developed responsive and flexible recruitment and selection procedures. High quality recruitment is essential for successful capacity building and each selection and placement is monitored through the SNS performance management approach to ensure effective and sustainable capacity building happens.²⁰

The ISP uses a range of recruitment tools and individualised attraction strategies for each position to ensure maximum exposure to attract the best possible applicants.

The focus of SNS is to attract and retain expertise that reflects the ethos of the Program and ownership by the people of PNG. Therefore where possible, preference is given to national advisers. Where SNS is required to appoint an expatriate adviser SNS looks to recruit from a truly international pool and hence the current cadre of expatriate advisers are from 10 countries.

Senior members of National Agencies and/or Provincial Management Teams are included in all selection processes. They are fully involved in developing terms of reference and chair all selection panels.

All aspects of planning and scoping positions involve key GoPNG officers. When the potential for adviser support is identified to meet a capacity building need, there are extensive consultations with GoPNG and SNS to determine the best means to address it. Options for both technical assistance (TA) and non-TA are considered and if it is agreed TA is the appropriate approach, terms of reference are developed and a recruitment strategy designed. If non-TA capacity building is considered preferable, appropriate activities are supported by the Capacity Effectiveness Coordinator (see 5.5 below). In 2011, as a part of the need to revisit the Capacity Building Strategy for SNS, the ISP will look to redesign a more rigorous capacity diagnostic framework to identify strengths (strength based approach) and assess how these strengths can be applied in other areas, as well as the most appropriate type of input (TA or non TA) to assist in meeting these needs. Through the SNS AusAID team, the ISP will work with the Economic and Public Sector Program (EPSP) to develop a common approach to capacity diagnostics at the national and sub national level. The ISP will fully consult with AusAID SNS and DPLGA in this process.

Technical Adviser Review

²⁰ The SNS Mid Term Review Report commented on the ISP's recruitment processes stating (p33) "The ISP for SNS has provided sound administrative support to people management. In particular its recruitment activities have been effective ... having reasonable gender balance and local engagement ... the ISP has done particularly well in sourcing quality professionals globally."

In 2010, a comprehensive review of technical adviser positions funded by the PNG-Australia Development Cooperation Program was completed which will have implications for planning of SNS activities in 2011. Both governments agreed the review has been a valuable exercise and achieved the direction set in the July 2010 Australia-PNG Ministerial Meeting in Alotau, to ensure a more targeted allocation of advisers and an overall reduction in the level of advisory support.

The objective of the review was to examine the role that technical advisers play in the aid program, confirm the priority attached to each adviser position, and assess whether each position was an effective response to mutually agreed development needs and priorities. In reviewing 487 technical adviser positions, the review team consulted senior executives from all key PNG Government agencies benefiting from technical advisory support through the aid program.

The review assessed 58 SNS positions and the following summary rankings were assigned.

Number of Adviser positions	58 (including 7 ABG)	Percentage
Number ranked High priority	33	57%
Number ranked Medium Priority	12	21%
Number ranked Low Priority	13	22%

Each adviser position was assessed as to its effective response to mutually agreed development needs and priorities and was given a ranking of either High, Medium or Low

Considerations included the following.

- value for money;
- a clear articulation of the intended outcomes of the position (results);
- whether there are alternative or more cost effective ways of achieving these intended outcomes, and
- an assessment of relevant importance of the position to the broader country program and bilateral relationship.

High priority positions should be retained; **Medium** priority indicates other options should be considered and **Low** priority means the position should be phased out.

Managing the Low rated Advisers

DPLGA's Capacity Building Division will take the lead to help facilitate all Exit Strategies for Provinces (excluding ABG) with the support of the ISP ensuring that all exit strategies are discussed and signed off by all affected Provincial Administrators.

The Capacity Building Division with the support of the ISP will also facilitate all Exit Strategies for DPLGA Advisers ensuring that the Head of the appropriate Division has participated and signed off on all exit strategy discussions. Final sign off must be done by the Secretary DPLGA and AusAID.

The ISP will support ORD, NEFC, NRI and the ABG to develop exit strategies which will also be signed off by the head of the appropriate agency.

All Lows went through a position review in November, 2010 to clarify the end dates of the positions. As a general rule, all Low rated positions will come to an end as of 31 May 2011 to coincide with the end date of the ISP contract. Any position moving beyond that end date will need to be justified and a business case presented as part of the exit strategy. No Lows will be expected to be continued beyond December 2011.

Managing the Medium and High rated Advisers

The number of positions rated high and medium for each program will remain a 'guiding allocation' for SNS (45²¹ advisers as a target to manage).

All positions rated Medium and High will be extended until June 2012 unless an earlier end date is requested by the advisers' PNG Government counterpart. This should be agreed by the end of 2010.

Development of alternative options for the Medium and High priority positions will, where appropriate, be considered in consultation with counterparts in the second half of 2011. All capacity building options will need to have (where appropriate) factored into the capacity building plan considerations coming out of the PPII Review. In particular recommendations 7a – 7e, and demonstrated links to SNS Phase II.

Subject to final agreement between the relevant PNG Government Agencies and AusAID the ISP will give notice to advisers regarding phase out or extension beyond June 2012.

SNS Allocations per Agency

The allocation below is recommended for the 2011 year. It is recommended that a clear rational and strategy be developed for agency allocation beyond June 2012.

Agency/Region	TA Allocation to June 2012
DPLGA including provinces	32
NRI	1
Bougainville	5
NEFC	3
ORD	1
SNS/ISP	3

Following the TA review, further recommendations the ISP will implement during 2011 include:

- In 2011, as a part of the need to revisit the Capacity Building Strategy for SNS, the ISP will look to redesign a more rigorous capacity diagnostic framework to identify strengths (strength based approach) and needs and assess how these strengths can be applied in other areas, as well as the most appropriate form of support (TA or non TA) to assist in

21 The figure of 45 includes the ISP Team Leader and Deputy Team Leader positions.

meeting these needs. Through the SNS AusAID team, the ISP will work with the Economic and Public Sector Program (EPSP) to develop a common approach to capacity diagnostics at the national and sub national level. The ISP will fully consult with AusAID SNS and DPLGA in this process. The diagnostic framework will have increased focus on funding alternative means of capacity building

- Further to review of the Capacity Building Strategy for SNS, the ISP will develop a system of joint agreements at the beginning of any adviser placements. The joint agreements will be between the adviser, Go PNG and AusAID to outline what is expected of the adviser and each party during the placement. The joint agreement will compliment the TOR and will link to linked to corporate plans where possible. They will detail specific outputs and capacities expected to be developed of counterparts. The ISP will continue using Staged Capacity Building Model to assess performance against this joint agreement. The joint agreements will be assessed every 6 months in line with the performance appraisal process and in consultation with GoPNG and AusAID.
- The ISP will support DPLGA to provide more information to the provinces about other effective capacity development tools such as training, peer learning, volunteer placements. The ISP will support DPLGA to use existing systems such as the Government publications, newsletters, peer reviews to cascade this information to provinces.
- ISP will continue to ensure the primary reporting line for advisers in their day to day work is to GoPNG. Terms of reference for all advisers now specify accountabilities and working relationships to GoPNG, AusAID and the ISP. The adviser will report and be accountable to the *senior provincial officer such as Deputy PA, as determined by the province* and the provincial committee for providing advice and outputs in accordance with his/her agreed work plan and for overall performance in fulfilling this assignment. The adviser will negotiate his/her work plan and day-to-day work priorities with the *senior provincial officer such as Deputy PA, as determined by the province* and the Central provincial committee. The adviser will remain accountable for meeting all obligations under his/her contract to the ISP Deputy Team Leader including professional and code of conduct requirements. The ISP Deputy Team Leader will undertake the adviser's annual performance appraisals in consultation with the *senior provincial officer such as Deputy PA, as determined by the province* and the provincial committee.
- The ISP will continue efforts to involve GoPNG in performance appraisals wherever possible.
- The ISP will implement the Adviser Remuneration Framework in consultation with AusAID

5.3 Support for Advisers

A range of procedures and strategies support advisers and other team members to ensure successful capacity building outcomes are achieved. These will include:

- A Capacity Building Strategy (see Appendix 2).
- An effective Performance Management Strategy.
- A comprehensive induction program for all new advisers and other program staff, tailored to individual needs, recognising an individual's background, the specific needs of the placement and the proposed geographic location. ISP draws on networks within the location to help with induction of the adviser. The ISP also liaises with the placement agencies to ensure that an induction within the agency is provided to complement that of the ISP.
- In 2010, the ISP further refined the induction process by sending more pre-reading material to the adviser whilst they have been waiting to be mobilised. This helps the adviser to understand the context of the program and their role, prior to being loaded with information in the first few weeks on the job.
- Human resource management, finance, logistics and administration procedures.
- Regular professional development programs for technical assistance (three Adviser Workshops conducted per year), program management and support staff to ensure they have access to GoPNG stakeholders and updated, current best practice information and to allow for networking opportunities with other Coffey International Development teams in PNG and internationally.
- A learning and development program to develop 'soft' skills such as negotiation skills, conflict resolution, and effective communication skills.
- Advisers are encouraged to pursue professional development opportunities and the ISP has negotiated with AusAID to allow five days professional development leave per year for SNS advisers and team members. This will be introduced to advisers in 2011.
- A Knowledge Management Strategy has been developed by Coffey International Development to capture and record information for future benefit. This information sharing system builds on existing knowledge and lessons learned from the SNS program.
- Regular visits by the ISP Management Team to out-posted advisers to provide advice, assistance and support.
- Advisers are encouraged to network with other advisers in sectoral areas in the overall AusAID Aid Program.
- Lead Advisers in each of the functional teams, Finance, Human Resources and ICT. Lead Advisers are to coach and support team members and cascade information about ISP-SNS to other advisers in their work area. This creates a community of practice within their functional areas to share information, resources, successes and challenges.
- The ISP has developed a structured performance management strategy for technical assistance. This system provides a comprehensive framework to manage advisers, capacity building activities, procurement and other initiatives tasked to the ISP.

- The ISP approach to performance management is one of continuous improvement that includes planning, reviewing and feedback.
- The ISP Management teams conduct structured annual performance appraisals, with final reports submitted to the Team Leader and HR Manager for review. This is an opportunity to review performance and provide feedback to the Adviser by discussing past performance and highlighting opportunities for the future. It is also an opportunity to formally discuss what further support or development may assist the Adviser succeed in their role. Lead Advisers, GoPNG counterparts (a range of Go PNG counterparts are contacted in some instances for example for fly in fly out advisers) and AusAID co-located officers are consulted for feedback regarding the adviser's performance as a part of these appraisals.

5.4 ISP Performance Management Framework

Performance Management Strategy

The ISP has developed a structured performance management strategy for technical assistance which is also used for other ISP activities. This system provides a comprehensive framework to manage advisers, capacity building activities, procurement and other initiatives tasked to the ISP.

The ISP approach to performance management is one of continuous improvement that includes planning, reviewing and feedback, as shown below.

The key components of the performance management strategy are:

Terms of Reference/Scope of Services/Activity Plans

Terms of reference, scope of services or activity plans are developed for each position or activity to detail the requirements for each resource input. GoPNG counterparts are fully involved in the development of ToRs and scope of services, Adviser ToRs list a number of broad key areas in which the adviser is expected to provide capacity building.

A copy of the terms of reference are included as part of the employment contract. Accordingly, where an adviser believes that terms of reference do not match the needs of an organisation, the adviser contacts the Human Resource Manager to discuss changes. Where changes are agreed, they are formalised in writing, with a copy placed on the adviser's file.

Adviser Work Plan/Activity Plan

The Adviser Work Plan outlines proposed activities for an adviser's input, with a brief rationale explaining the purpose of activities and a timeline for their completion.

Adviser Work Plans are completed using a standard Adviser Work Plan template, after consultation with GoPNG counterparts, AusAID co-located officers and ISP managers and

colleagues/advisers in their functional teams. Advisers are encouraged to learn about their organisation and consider its needs and priorities in preparing work plans. Technical Advisers work plans are agreed with relevant stakeholders within two months of induction, or as soon as possible thereafter.

The Adviser Work Plan is e-mailed to the ISP Manager for review before approval by the ISP Team Leader. When agreed, it forms the basis of an adviser's work. Priorities of counterpart agencies can change, and where this occurs, advisers are encouraged to revise their work plans accordingly. All Adviser workplans can be accessed through the SNS website <http://www.subnational.org/>. The ISP will ensure that hard copies of adviser work plans are provided to counterparts in 2011.

Other capacity building activities or procurement exercises also have plans and activity reviews which follow similar processes and are detailed in the ISP's Program Procedures Manual.

Periodic Adviser Input Work Plan

Periodic advisers submit work plans prior to commencement, identifying proposed activities for the input, their rationale and timelines. The input work plan is a brief outline of activities. The Periodic Adviser Input Work Plan is e-mailed to the Team Leader prior to commencement.

Changes occur during an input and a work plan is not intended to take away the flexibility for advisers to identify and work with changing needs and priorities. If activities change during an input, they are described briefly in the adviser's Completion Report. Periodic Advisers can develop annual work plans rather than Input Work Plans by negotiation with the ISP Manager.

Timesheets

All advisers submit monthly timesheets, by the sixth of the following month detailing days worked.

Adviser Quarterly Reports

Advisers submit brief quarterly reports in April, July, October and December of each year detailing their progress against planned activities, formal training delivered, capacity building outcomes used the Staged Capacity Building Approach and comments on management and support of the ISP.

Periodic Adviser Input Completion Report

Periodic advisers submit a brief completion report within one week of concluding their inputs detailing progress against planned activities. Some periodic advisers provide quarterly reports rather than Input Completion Reports by negotiation with the ISP manager.

Quarterly Monitoring and Evaluation Reports

Corporate Plan Implementation Advisers (CPIAs) submit monitoring and evaluation (M&E) reports to the M&E Specialist. This report reflects the reports submitted by SNS officer co-located in provinces.

Performance Appraisal

The ISP Management teams conduct structured annual performance appraisals, with final reports submitted to the Team Leader and HR Manager for review. This is an opportunity to review performance and provide feedback to the Adviser by discussing past performance and highlighting opportunities for the future. It is also an opportunity to formally discuss what further support or development may assist the Adviser succeed in their role. Lead Advisers, GoPNG counterparts (a range of Go PNG counterparts are contacted in some instances for example for fly in fly out advisers) and AusAID co-located officers are consulted for feedback regarding the adviser's performance as a part of these appraisals.

In addition to the annual formal appraisal, all advisers participate in six monthly informal performance appraisals. This is really an opportunity to follow up on progress on any issues identified in the annual performance appraisal and to check adviser performance progress.

Exit Strategies

In 2010 the ISP initiated a new process where advisers are asked to prepare exit strategies for their positions. The purpose of the exit strategy is to detail how the adviser plans to gradually withdraw support from the agency to maximise sustainable capacity building outcomes whilst minimising the adverse impact of the adviser's departure.

Adviser Completion Reports

On completion of their placement, all advisers prepare a Placement Completion Report; a summary of achievements, challenges and successes in capacity building. It feeds into the ISP performance planning process and helps the ISP identify future capacity building opportunities and specific development needs.

Exit Interviews

On completing a contract, advisers have an exit interview to discuss their Completion Report and clarify any outstanding matters. The exit interview is an opportunity to explore lessons learned; problems encountered and informs future planning and management processes.

Giving Feedback to Advisers

Feedback is an important feature of any performance management system. It can take many forms and come from a variety of sources. Feedback is given on both an informal and formal basis. Managers and supervisors are encouraged to give regular feedback to employees. This develops advisers and guides them towards their performance goals.

Adviser Reporting Relationships

The SNS Program is characterised by many stakeholders providing inputs into different aspects of the Program. Clear communication protocols are important to achieving program outcomes. In this regard, the relationships and communications between technical advisers and co-located officers must be effective to ensure maximum value from advisory inputs.

To clarify these relationships:

- The ISP Weekly Update details planned adviser and ISP activities.
- The ISP ensures advisers consult Provincial Liaison Officers (PLOs), SNS co-located officers and counterparts regarding proposed travel and activities to reduce confusion and conflicting priorities.
- Accountabilities in adviser Job and Person Specifications emphasise relationships particularly those relating to co-located AusAID officers and counterpart agencies.

5.5 Capacity Building

Capacity building (or capacity development) describes a range of strategies, activities and methods aid donors employ to achieve sustainable change. AusAID's definition states that capacity building is '...the process of developing competencies and capabilities in individuals, groups, organisations, sectors or countries which will lead to sustained and self-generating performance improvement'.²² Capacity building needs to incorporate sound technical expertise '...but also to be responsive to the broader social, political and economic environment'.²³ Capacity building is a long term endeavour which requires patience, persistence, continual review and refinement.

SNS recognises the fundamental necessity of PNG leadership and ownership if capacity building activities are to be successful and sustainable. The ISP builds on existing localised capacity, recognising PNG's broader public sector reform strategy. This includes using Papua New Guinean national and Pacific regional advisers and existing GoPNG systems and processes where practical. SNS will strengthen capacity by using appropriate GoPNG processes and avoiding "parallel implementation structures."²⁴ The ISP will leverage from, and minimise duplication with, the broader Australian aid program, especially sectoral programs working at the provincial and district levels by networking with advisers from other AusAID funded programs.

Capacity Building Framework and Strategy

The ISP's Capacity Building Framework and Capacity Building Strategy were drafted in 2009 with input from SNS partners. The Framework and Strategy have been implemented in 2010 and are included at Appendix 2.

The Framework is a set of aims and principles to guide planning and implementation of capacity building and training of Advisers and ISP staff to help them respond to SNS partners working to improve service delivery.

The primary feature of the Framework is that it is multi-level. It reflects that capacity building occurs at:

- The institutional or organisation level, in each SNS partner system.

22 A Staged Approach to Assess, Plan and Monitor Capacity Building, AusAID, 4 May 2006.

23 p3, Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability, OECD (Development Assistance Committee), 2005

24 p9, Ibid.

- The functional and role level, within each SNS partner, core functions and roles need support. In the ISP staff perform roles in core functions.
- The individual level, recognising that personnel have professional or unique capacity needs that are essential for them to perform their duties well.
- A broader level, where personnel need to respond to whole of government cross cutting issues.

The Framework and Strategy are the ISP's articulation of how it meets its contractual responsibility for capacity building. This framework and strategy provide the basics of what is needed as part of the ISP's core obligations to ensure that the SNS is strengthening advisory understanding of capacity building approaches and techniques for capacity development so that advisers can better serve their agencies.

In 2011, the ISP will review and refine the capacity building framework and strategy and expand SNS' focus with the introduction of a capacity diagnostic process, in consultation with AusAID and DPLGA. A fundamental principle will be GoPNG agency and provincial administration as the owners and drivers of this diagnostic. ISP will facilitate the development of an SNS strategy focused on diversifying SNS capacity development approaches. All SNS capacity development approaches or 'tools' (including TA and Non TA) must be implemented as integrated interventions for each stakeholder.

Through the Adviser Professional Development Plan, ISP is focusing on developing adviser 'soft skills' or generic adviser capabilities including such as influencing, strategic thinking and negotiation. The Professional Development Plan is reviewed each quarter by the ISP Management Team. Areas included in the Professional Development Plan are drawn from feedback from performance appraisals, adviser workshops and Lead Advisers.

Evidence of SNS capacity building continues to progress, specifically amongst PNG National Advisers. This increased capacity is being transferred to counterparts, individuals, systems and organisations. In 2011, the ISP will review its own monitoring and evaluation resources, processes and systems to ensure the ISP is capturing these successes, noting the ISP is only responsible for its internal M&E and the contract does not provide for ISP/Coffey M&E resources for the wider SNS Program.

Capacity Focus	Framework Aims Technical Advisers	Framework Aims ISP Staff
Organisation Clients: DPLGA (PLD, CBD, PMD & PLLSMA), NEFC, NRI, ORD, Provincial Administrations	To strengthen capability of Advisers to effectively support existing GoPNG systems and processes to improve client performance and service delivery at sub-national level	To enhance the capability of staff to provide effective and efficient support services to Advisers and SNS partners
Functions and roles HR, Finance, ICT, Planning, Project	To strengthen capability of Advisers to build capacity of client functions and enhance the skills of organisation	To maintain staff competencies to support ISP functions and operations

Management, etc.	partners, to perform roles effectively	
Individual	To expand and maintain the skills of Advisers for the process of capacity development ³²	To develop ISP staff skills for work practices and job performance
Cross Cutting Development Issues Gender and Development, HIV & AIDS, Economic Development, Domestic Violence, Maternal Health, Anti-corruption and Fraud Control, Environmental Impacts	To ensure Advisers integrate responses to nominated cross cutting issues in their work practices and support to client organisations	To ensure staff are aware of the impact of cross cutting issues in their work and services

Capacity building approaches are tailored to each operating context and use a range of capacity building tools to facilitate change in organizations and systems.

The principles for capacity building and training underscore that:

- Capacity building is a shared responsibility.
- People can and should learn from others.
- Practice in the workplace can offer valuable learning when shared.
- Existing expertise and experience are primary sources for capacity building.

Principles for ISP capacity building and training

- Capacity can be most effectively developed from within the ISP and Adviser teams by workplace colleagues and drawing on experiences, learning and skills of others.
- Capacity can be developed on the job through structured workplace learning.
- Learning and training can be identified and monitored through the performance management process.
- Managers, Supervisors and Lead Advisers are responsible for facilitating capacity, learning and skill development.
- Capacity building and training activities should result in improved job performance, work practices and service delivery.
- Technical or specific competency training will be considered, where it is of value to ISP priorities and benefits ISP operations.
- Supervisory staff are obliged to coach and mentor staff on the job.
- Advisers and staff have a personal obligation to engage in self directed learning to perform duties well.

The Strategy specifies a range of strategically important initiatives aligned to the aims of the Framework and to guide capacity building and training for Advisers and staff, over the next 2 to 3 years.

Strategic Initiatives for Advisers	Strategic Initiatives for ISP Staff
<p>Information sessions on GoPNG machinery of government structures and linkages and inter-relationships between SNS partners</p> <p>Induction periods in DPLGA and placement and other SNS agencies</p> <p>Performance reviews with Advisers with participation by client representatives</p>	<p>Coaching by supervisors on work practices</p> <p>Setting performance expectations with Supervisors and conducting performance reviews</p>
<p>Briefings by Lead Advisers on learnings from Advisers work in SNS locations.</p> <p>Coaching for Lead Advisers in performance and supervision duties.</p> <p>Peer reviews by Adviser Teams on functional capacity building experiences in SNS agencies.</p> <p>Work plans inclusive of specified capacity building for counterparts.</p> <p>Monitoring and partner feedback on progress of work plans and performance of Advisers.</p>	<p>Team-building and work area planning and priority setting.</p> <p>Meetings in teams to clarify roles and responsibilities.</p>
<p>Coaching by management and Lead Advisers on performance expectations and standards for preparation of reports.</p> <p>Coaching in using MS Office software, Excel, Word.</p> <p>Training in practical applications of individual and group facilitation, negotiation and project management (process of capacity development).</p>	<p>Coaching in using MS Office software, Excel, Word</p> <p>Performance reviews and feedback sessions with Supervisors</p>
<p>Information and learning circles on cross cutting issues</p> <p>Coaching by Lead Advisers on cross cutting initiatives in work plans</p>	<p>Information sessions on cross-cutting issues for ISP support operations</p> <p>Coaching by supervisors on applying cross cutting responses to work</p>

SNS focuses on building capacity of national agencies and provincial and district administrations to provide services to the population of PNG. To date technical assistance (TA) has been the predominant methodology. Note that through the work of the Capacity Effectiveness Coordinator, the focus on non TA initiatives have increased through 2010 and ISP will continue to support the

utilisation of non TA capacity building activities into 2011. Creative and innovative non-TA capacity building activities for 2011 are already under consideration and planning such as secondment of Department of Personnel (DPM) employees to PPII and twining arrangements for West Sepik Provincial Planner.

The ISP recruits advisers for both their technical and capacity building skills. All advisers are required to develop, implement and report on capacity building plans in conjunction with their counterparts. The ISP Management Team continually reinforce the importance of capacity building and professional development in the areas of change management, adult learning, coaching and mentoring, presentation skills, consultative processes and sustainability.

National stakeholders such as DPLGA and NEFC are looking for longer term non-TA capacity building support to sustain the reforms they have implemented with SNS support. In national agencies the trend is towards requests for non-TA capacity building activities such as training, workplace exchange programs, formal tertiary education opportunities and on-the-job experiential learning opportunities. This is encouraging as international development experience shows²⁵ that demand-driven capacity building activities are more effective and sustainable.

Capacity Effectiveness Coordinator (see also Logframe Component 1.5)

The SNS Capacity Effectiveness Coordinator (CEC) supports non-TA capacity development for stakeholders, particularly provinces. The CEC manages all non-TA capacity building activities and the increasing demand for non-TA capacity building modules.

The CEC works with GoPNG and advisers to implement non-TA capacity building activities and explore innovative non-TA capacity building proposals for the Program's consideration, including:

- Provincial Exchange Program;
- Workplace placements;
- Twinning arrangements;
- Partnerships with PNG institutions;

25 1.The Paris Declaration recognises that improvements in developing country capacity (sic need to be demand driven) to lead the development agenda are essential to making aid more effective. Improving the quality of capacity development is now widely recognised as one of the most pressing aid effectiveness challenges. For too long, donors have taken a very technical approach to capacity development, assuming that skills and knowledge can readily be transplanted. It is now widely recognised that effective assistance needs to be carefully tailored to country conditions, taking into account the political environment and the incentives working for and against change.

2.2009 Asia-Pacific Aid Effectiveness Portal

3. Steffensen, J. and Larsen, H. F., 2005, Conceptual Basis for Performance Based Grant Systems and Selected International Experiences', Background Paper, National Stakeholder Workshop, 31 May, Kathmandu
http://www.uncdf.org/english/local_development/uploads/other/uncdf_nepal-int2005.pdf

This paper discusses performance-based grant systems, including capacity building grants. The paper recommends a mixture of supply-driven and demand-driven approaches for local government capacity building in developing countries: "In order to concentrate the institutional-strengthening incentive, and for efficiency reasons".

⁴. Extract From - CAPACITY BUILDING IN AFRICA: AN OED EVALUATION OF WORLD BANK SUPPORT - Changes to approaches to capacity building (by the World Bank) are relevant because they recognize that capacity building is a long-term process requiring a systemic approach, that is demand driven for improved public sector performance

- Training programs (using existing GoPNG systems);
- Executive Development Program (PSWDP);
- Identifying scholarship opportunities; and
- Workplace experiential learning programs.

Inter-Provincial Exchanges and Sharing of Better Practice

The CEC will continue to develop and explore opportunities to support the Provincial Exchange Program and work attachments in 2011. The CEC will work with placement candidates to develop structured learning agreements to improve capacity, document placement activities and share better practice across the SNS Program.

Scholarships

The CEC will work with the DPLGA Legal and Policy Branch to coordinate the Professional Diploma in Legislative Drafting Program (PDLD). Planning is underway for three individuals to complete the PDLD in 2011.

Peer Reviews

In 2011, the CEC will develop Peer review framework for use by Advisers and counterparts to assess appropriateness and capacity building effectiveness of adviser input. This process was introduced to advisers at the October 2010 adviser workshop - 2011 will see Peer Reviews further embedded into ISP processes.

Capacity Assessment is about being able to identify strengths and weaknesses and to determine where capacity building is required. Lead Advisers in human resource management (HRM), finance and information and communication technology (ICT) have developed capacity assessment tools.

The Lead Finance Adviser has developed a finance function assessment tool.²⁶ This tool will be applied across the PPII and Special Case provinces and findings worked into the Finance Team's work plans. Non-TA capacity building activities will also be used to strengthen provincial finance functions including working with PCaB, SPIA and the ISP's trust account auditors.

5.6 Procurement

All ISP procurement follows Australian Commonwealth Procurement Guidelines. The ISP has developed detailed procurement processes incorporating the following principles:

- Value for Money;
- Open and Effective Competition;
- Efficiency, Effectiveness, Ethics and Fair Dealing; and
- Accountability and Reporting.

Procurement is conducted in accordance with the ISP's Policies and Procedures Manuals.

26 This assessment tool aligns with the OECD – DAC Paris Declaration on Aid Effectiveness resolution that partner countries and donors jointly commit to implement harmonised diagnostic reviews and performance assessment frameworks in public financial management.”

It is anticipated that procurement procedures will remain largely unchanged during 2011. Procurement activity will focus on continued support for advisers, support for DPLGA activities, ad hoc procurement requests from stakeholders and establishment of additional adviser posts in new PPII provinces.

5.7 Management of Finances including Incentive Trust Funds

PPII Incentive Trust Funds

An important feature of the SNS Program is the financial incentives paid to provinces participating in PPII. These incentives are:

- Phase I - up to PGK 500,000 to be spent over two years to finance capacity building directly linked to the Provincial Corporate Plan;
- Phase II - up to PGK 1 million for capacity building and service delivery initiatives identified in the Provincial Corporate Plan; and

The ISP Services Manager has management responsibility, working closely with the Senior Trust Accountant and Trust Auditor, the finance team and technical advisers to identify and address key issues and trends. Regular audits are conducted by the audit team and each provincial account is subject to annual external audit.

An SNS Head Trust Account is maintained at the Bank South Pacific and was established by a Trust Deed managed through the Department of National Planning and Monitoring (DNPM). The Account operates using the Government of Papua New Guinea's Accounting System (PGAS) for financial management and reporting. DPLGA and the ISP have not been able to obtain necessary signatures from the Secretary DNPM and funds allocated to provinces during 2010 were not transferred to subsidiary provincial trust accounts. The PPII Steering Committee resolved at its November 2010 meeting to transfer the management of the Head Trust Account from DNPM to DPLGA. This process commenced in December 2010 and will require the Treasurer to sign off on the transfer of responsibility. AusAID funds to the value of AUD 2.3 million are sitting in an non-interest bearing account since April 2010.

Trust Accounts

In 2011 the ISP will oversee up to 15 trust accounts. All trust accounts are subject to a Funding Agreement and each Phase II account is established under a separate Trust Instrument. Phase I accounts come under the head account Trust Instrument.

Funds are deposited directly into trust accounts from the head trust account. The funds are applied against approved projects in the province's annual plan. Following endorsement by the PPII Steering Committee, the ISP and DPLGA are working together to move responsibility for the head trust account from DNPM to DPLGA. This will enable the timely flow of funds to the provinces.

Trust accounts are managed by provincial officers. Typically, the Provincial Administrator, a Deputy Provincial Administrator and the Provincial Treasurer are signatories to the account, with any two to sign. ISP is not a signatory; however, a term of the Funding Agreement provides the ISP Team Leader with authority to freeze a trust account in the event of maladministration.

Audits

External audits, for the previous calendar year are conducted in March. The ISP will again competitively tender for these audits to be undertaken in 2011.

Internal audits are conducted periodically on each account.

The audit reports are provided to the Provincial Administration and a response is sought. The ISP and DPLGA, through its Provincial Liaison Officers, are working towards more effective use of audit information to assist provincial administrations improve financial management performance.

Audit reports continue to highlight poor adherence to procedure rather than potential misappropriation.

The audit and finance teams are also working to improve reporting of PPII activity to enable expenditure to be more directly measured against each province's implementation plan's activities. Timely financial reporting by provinces remains unsatisfactory and this is another matter being addressed by the ISP and DPLGA.

The ISP will continue to utilise audit findings to assist DPLGA and the provinces improve financial management practices. Strategies will include:

- Encouraging the provinces to view the trust account and its audit process as an opportunity to develop compliance systems which can be applied to all areas of the province's financial management and reporting obligations.
- Utilising the provincial Budget and Expenditure Advisers, to work with the provincial finance departments to address audit findings and develop compliance systems.
- The ISP proposes to make submissions to AusAID in early 2011 to increase the audit team from the present two to four. As the number of provinces has increased so too has the workload of the audit team, which also audits three GIF accounts. In addition, many of the participating provinces do not have Budget and Expenditure Advisers but will require a similar level of support to address audit issues. This is particularly so for those provinces new to PPII. Finally, AusAID has requested more detailed financial information relating to incentive fund expenditure.

The above offer significant personal institutional and systemic capacity building opportunities. The provincial finance staff will have access to and assistance from experienced and qualified finance professionals. They will also be important capacity building opportunities for the trust account management team.

The ISP will continue to build close working relationships with the Strengthening Provincial Internal Audits (SPIA), Auditor General's Office and the Department of Finance Training Branch.

ISP Managed Trust Funds

The ISP manages the Program's finances through a system of bank and trust accounts.

1 Program Implementation Personnel and Procurement (PIPP) Account

Technical advisers' salaries, expenditure from mini-budgets²⁷ and procuring capital items and consumables for implementing the Annual Program Implementation Plan.

2 Sub-national Strategy Implementing Service Provider Operating Account

Personnel costs for the Management Team and other Program Plan implementation costs.

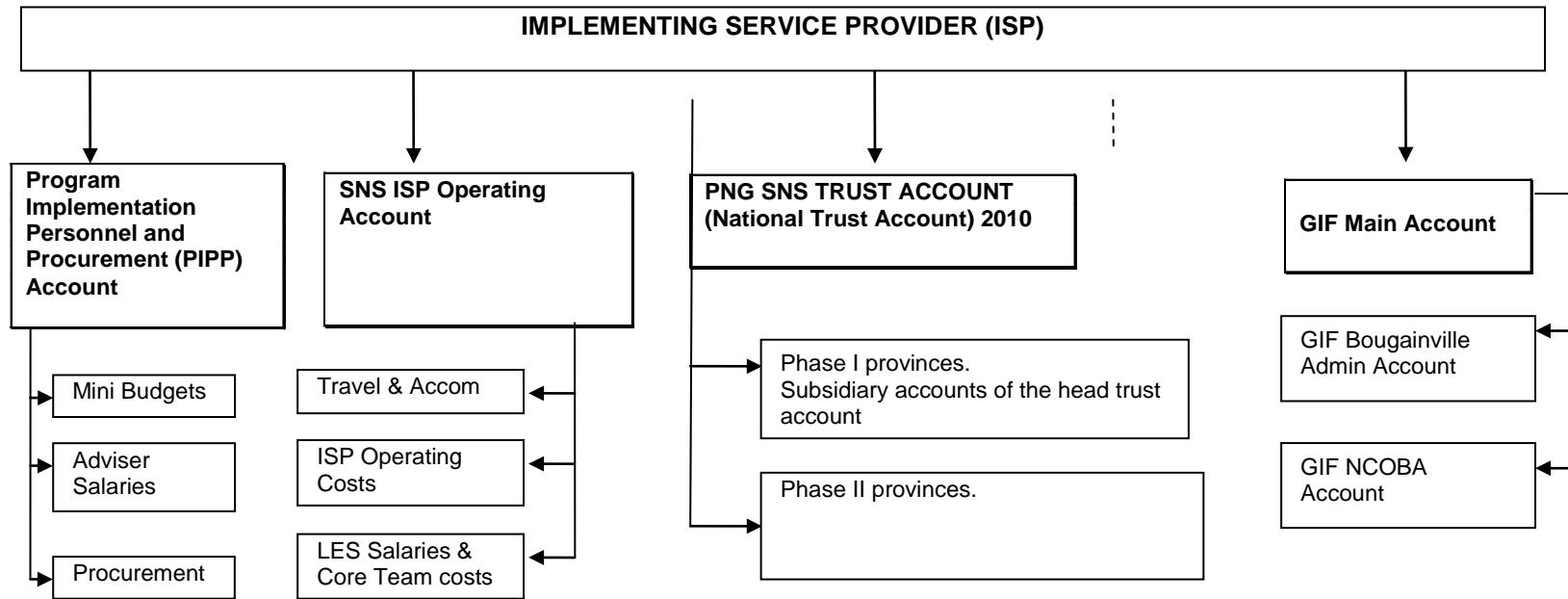
3 Bougainville – Governance and Implementation Fund (GIF) Account

Funds deposited to the GIF account by AusAID and NZAID are administered by the ISP. Transfers to the Bougainville Administration account or the National Coordination Office for Bougainville Affairs (NCOBA) trust accounts are made periodically, as required, in accordance with approved work plans.

The ISP approves payments from the GIF and NCOBA accounts which are maintained in Buka and Port Moresby respectively. Monthly reporting is provided to the ISP in accordance with the funding arrangements for the Bougainville Administration account. A Buka based GIF Coordinator is employed by the ISP to manage the ABG and the NCOBA GIF accounts. The ISP Trust Accountant will conduct regular internal audits to review the reporting and record keeping as per the PPII Trust Accounts.

The diagram on the following page depicts the account structure.

²⁷ Mini-budgets and bank accounts are allocated to each group of technical advisers to fund minor purchases of supplies and services required for the program.



5.8 Research

The SNS Design Document included a research component for the Program. AusAID prepared a Sub-National Strategy Research Program Concept Paper on Focus Areas for Initial Research Program during the first year of the SNS Program. The objective of the SNS Research Program was to capitalise on SNS's significant learning opportunities to inform the strategy, engagement and approaches to support improved service delivery through PNG's decentralised system.

SNS had identified two categories of research:

- 1) General interests of PPII and SNS implementers; and
- 2) Areas which address AusAID corporate interests.

The SNS initial Monitoring and Evaluation Framework (MEF)²⁸ identified the need for rapid research that produced high quality outcomes in concise and accessible formats for SNS stakeholders. The research program should be:

- Flexible to respond to emerging issues and opportunities;
- Responsive to issues and opportunities identified in SNS implementation; and
- Targeted to ensure the outcomes of research inform and is applicable to the SNS development, program implementation and monitoring and evaluation.

The Research Program is managed by AusAID with the Research Coordinator located at the National Research Institute (NRI). Under AusAID's direction, the ISP supports the program by contracting technical expertise as required. Advisers engaged in the SNS program are expected to contribute to the research program as required.

5.9 ISP Website and Coffey Knowledge Management

The ISP website was launched in February 2009 and is administered by the ISP Information Officer. The ISP website is an interactive knowledge management tool and document library, forming an ongoing record of progress on the SNS program. Logons and training for the website have been provided to ISP program staff, advisers and pertinent AusAID staff.

Over 1,000 documents now reside on the website. These documents include adviser reports, program templates, monitoring and evaluation reports, midterm review documents, provincial government corporate plans, articles and development reference documents from Papua New Guinea and around the world, and many other documents. Documents designated for upload are logged, quality checked and approved by ISP management before being uploaded to the live site. Sensitive material is managed by setting appropriate permissions.

Coffey International Development has developed and launched a Knowledge Management Website. This website collates documents, resources, and lessons learnt from international development programs managed across Papua New Guinea and the globe, and aims to disseminate international best practice for application in all its projects. This site forms a solid starting point for researching international development topics.

²⁸ Sub-national Strategy Monitoring and Evaluation framework: Version One, AusAID, February 2008

Strengthening DPLGA's management of both information and information technology (IT) is being supported by the ISP. The ISP will ensure all GoPNG and SNS information is transferred at the end of the ISP's contract.

6. ISP Internal Monitoring and Evaluation

The ISP contributes to Monitoring and Evaluation in three areas:

1. Functioning as a support and resource mechanism for the SNS Monitoring and Evaluation Framework, which is led by the periodic AusAID engaged M&E Adviser.
2. Instituting and implementing systems to assess the effectiveness of the ISP's own processes.
3. Performance management and evaluation of advisers.

6.1. Contributing to the SNS Monitoring and Evaluation Framework

The ISP has a number of support and resource roles across the MEF, including general facilitation and support for most roles outlined in the MEF. Additionally, under the Contract the ISP is also responsible for:

- Working collaboratively with the SNS Monitoring and Evaluation Adviser, AusAID and the GoPNG and undertaking data gathering and reporting in accordance with the agreed SNS monitoring and evaluation framework.
- Providing technical support and capacity building for the GoPNG and other stakeholders to fulfil their own monitoring and evaluation functions.

6.2. The ISP's Performance Management and Assessment Strategy for its own systems

The ISP is responsible for instituting and implementing systems to assess the effectiveness of its own processes, including: recruitment, managing human resources, logistical support and financial management. The outcomes contribute valid, reliable and useful conclusions to inform improvements to the ISP's systems and procedures.

The effectiveness of the ISP's processes and systems is audited annually by the Internal Review Team (IRT). This audit uses a Performance Matrix detailing key performance indicators within categories with suggested means of verification. These performance categories align with the ISP's contractual deliverables and focus on ISP systems and processes to support the SNS.

Each function within the ISP is internally audited by Coffey International Development personnel at least once a year in order to be able to identify opportunities for improvement in processes and procedures.

6.3. ISP's Performance Management of Technical Advisers

The ISP's performance management framework is discussed in detail at section XX above. The ISP has implemented a structured performance strategy to manage advisers, capacity building activities, procurement and other initiatives tasked to it. The approach is continuous improvement and includes planning, reviewing and feedback and capturing and sharing lessons learned.

7. Cross Cutting Development Issues

Development programs often engage technical advisers who are experts in their field but unfamiliar with cross-cutting issues which contribute to economic and social development. The ISP ensures all program management, advisers and staff are aware of the importance of these issues during orientation.

On-going discussion and reinforcement of these issues will ensure they are systematically incorporated into daily activities. HIV/AIDS, Gender and Development, Poverty Reduction, Anti-Corruption and Fraud Control, Maternal Health Status, Domestic Violence, Economic Development and Environmental Impacts will be themes across all ISP's activities.

In 2011, there will be increased emphasis on incorporating cross-cutting issues into adviser activities. Adviser workshops raise awareness of issues pertaining to anti-corruption, the environment, gender, HIV, improving maternal health; reduce domestic violence and poverty reduction. The ISP has recruited a Development Associate who specifically researches and updates cross-cutting development issues and integrates these issues into the SNS program. The success of the gender program demonstrates what can be achieved when dedicated resources are allocated to issues. An international HIV/AIDS adviser provides periodic inputs to SNS.

HIV & AIDS

HIV & AIDS is a significant issue for PNG and has reached a critical stage where it is considered a generalised epidemic.²⁹ The human, social and economic impacts which may result from the continued spread of HIV & AIDS pose a significant challenge for the country in respect to development and economic growth. A range of social and institutional factors underlie the epidemic, limiting the effectiveness of the national response. To create an effective response by addressing the wider ranging issues, action beyond the health sector is needed.

The ISP trains advisers and locally engaged staff to build their understanding of HIV issues and assist them incorporate HIV considerations to their work. Advisers are required to report as part of their quarterly report on how they have done this. These activities are informed by the *PNG National Strategic Plan on HIV/AIDS 2006–10*; The Papua New Guinea – Australia HIV and AIDS Program (*Sanap Wantaim na strongim sapot long daunim HIV na AIDS*); AusAID's *"Responding to HIV/AIDS in Papua New Guinea: Australia's Strategy to Support Papua New Guinea 2006–10"* and *Mainstreaming HIV into AusAID's Development Portfolio in Papua New Guinea*.

"The 'mainstreaming' approach to HIV/AIDS requires agencies to examine their core business to determine how they can contribute to the response and how their business practices may need to change to avoid contributing to the spread of HIV & AIDS"³⁰. The approach is to ensure that all sectors and agencies are equipped and able to address:

- How they might be affecting the HIV epidemic;
- How HIV might be affecting development outcomes; and
- How their programs should be adopted accordingly.

²⁹ Responding to HIV/AIDS in Papua New Guinea: Australia's Strategy to support Papua New Guinea 2006–10, AusAID, 2006

³⁰ AusAID, 2006, p.16

The approach highlights the need for sectors and provinces to review and adopt their work to ensure that they, at the least, do not contribute to the epidemic. Taking the key principles of AusAID's mainstreaming approach; the ISP ensures that program activities do not contribute to the HIV epidemic.

Advisers are regularly provided with information on adopting a mainstreaming approach in respect to HIV, working with counterparts to identify opportunities for prevention of the spread of HIV or to improve access to services or quality of life for people living with HIV.

Gender and Development

After the untimely death of the previous incumbent, SNS is recruiting a Gender Adviser to support SNS, including GoPNG agencies working at sub-national levels of government, AusAID co-located officers, the ISP and SNS advisers. The Gender Adviser advises on appropriate strategies to address gender issues.

The ISP uses both the Gender Adviser's expertise and AusAID's Guide to Gender and Development³¹ to mainstream gender in program activities. Adopting this approach acknowledges that all development activities have a gender impact and do not automatically benefit men and women equally. The Program implements strategies to ensure that women and men equally participate in capacity building activities, both as beneficiaries and decision makers. The Adviser will be expected to develop strong networks and supports sub-national levels of government to design and implement gender mainstreaming strategies.

Gender and development are incorporated into program activities including preparation of terms of reference, adviser induction, development of the annual plan and individual work plans, program evaluations and management policies and procedures.

The SNS gender activities have paid dividends. The 2009 AusAID Gender Stocktake ranked SNS' gender activities highly. Advisers routinely incorporate gender and development considerations in their work.

Domestic Violence

The SNS program and the ISP consider domestic violence a major problem in PNG. Domestic violence affects people in all walks of life; it affects women, children and men. As mentioned in AusAID's draft policy on domestic violence and the work place the effects of domestic violence often impacts on the victim's workplace, through absenteeism and/or poor performance, although it occurs away from work³².

In PNG violence against women appears to be the most common form of domestic violence, socially legitimised and accompanied by a culture of silence. It is often treated as a private matter and goes unreported.

The ISP and the SNS program is making a difference to assist by educating employees, policy makers and counterparts in its programs, to help end domestic violence. It has been particularly identified that domestic violence, family and sexual violence are problems that need an

³¹ <<http://www.ausaid.gov.au/publications/pdf/guidetogenderanddevelopment.pdf>>, accessed 1 June 2007

³² AusAID Domestic Violence and the Workplace Policy; Draft 10/10/2010. AusAID 2010.

integrated multi-sectoral approach. All sectors of society are expected to play a part in the implementation of the strategies to eliminate domestic violence in families.

Maternal Health

With a rising population of about 6.5 million, PNG faces significant geographical, cultural and economic barriers to provide adequate maternal health care. Recent reports from the National Department of Health (NDoH) reveals that PNG has one of the highest Maternal Mortality Rates (MMR) in the world with 773 deaths per 100 000 births³³; this ratio is also the second highest in the Asia Pacific Region.

The ISP has acknowledged that maternal health is an important and emerging cross cutting issue for programs outside the health sector. It proposes to increase adviser and staff awareness through forums such as the adviser workshops. Advisers will be encouraged to promote maternal health as a priority health area in provincial planning, budgeting and implementation processes

Poverty Reduction

Poverty reduction is inextricably linked to better delivery of basic services: health, education, transportation and communication infrastructure, agriculture extension services and economic development.

In PNG, service delivery responsibility is shared between national, provincial and local level governments. However, a number of structural issues inhibit the sharing of these responsibilities including enabling legislation which has not been fully implemented, confusion over functional and financial responsibility, inequitable distribution of financial resources, and the poor performance of administrative functions. There is also a real risk that HIV & AIDS could compound poor service delivery and increase poverty levels.

The ISP will continue to support SNS to improve service delivery at the provincial and district levels of government through the PPII Program and assistance to special case areas, Southern Highlands Province and the Autonomous Region of Bougainville. The ISP will draw clear links between improved service delivery and poverty reduction for all team members. Adviser workshops will continue to include sessions on the links between improved service delivery and cross-cutting development issues including poverty reduction.

What is measured, improves. All advisers have been made familiar with the Minimum Priority Areas (MPAs) for Service Delivery, developed by NEFC. The MPAs have the potential to greatly improve service delivery to the men, women and children of PNG and therefore reduce the impact of poverty.

Economic Development

The GoPNG has developed the Medium Term Development Plan 2011-2015 (MTDP) to guide the public sector fiscal, policy, and regulatory framework to support an enabling environment within which the private sector can drive economic growth and the development of a vibrant broad-based economy. The GoA is committed to GoPNG's MTDP implementation as articulated

³³ Ministerial Taskforce on Maternal Health in Papua New Guinea; National Department of Health Report, May 2009.

by the Development Cooperation Strategy 2006-2010. Key measures of an enabling environment are stability and sustained growth. Recent substantial economic growth indicators demonstrate that the MTDP and a booming resource economy are having an effect.

The key to an enabling environment is service delivery. Basic services such as, education, health, transport, agriculture extension and law and justice must be delivered by the GoPNG to improve the living standards of all Papua New Guineans, the vast majority of whom live in rural areas.

These services will enhance the productivity of the rural sector by providing safe and secure communities which will build and mobilise human capital. This will, in turn, enable communities to mobilise traditional land for optimal use, such as cash cropping and enable research and development for the introduction of new and appropriate agricultural technologies, products and business models. Inevitably an increase in exchange of workforce skills should occur and become a catalyst for greater productivity and competitiveness. In simplistic terms, this will form the basis of PNG's economic transformation.

HIV/AIDS presents a risk to stability and sustained growth in PNG. It could reverse any gains in PNG's development and needs to be at the forefront of development discussions with PNG.

The ISP will support SNS to contribute to an enabling environment recognising that solutions to PNG's challenges for economic development will only emanate from within PNG.

Anti-Corruption and Fraud Control

Corruption inhibits economic and social development. The poorest members of a society suffer from a lack of fundamental services when corruption diverts scarce resources to individuals rather than society as a whole. The ISP will work in partnership with GoPNG and AusAID to minimise corruption and fraud. All team members are made aware of AusAID's anti-corruption policy *"Tackling corruption for growth and development: A policy for Australian development assistance on anti-corruption"* (March 2007).

Coffey International Development has a Fraud Assessment and Control Strategy, Doc No 57202 ver 2 7 December 2007, which maintains "zero-tolerance" to any form of fraud. This policy highlights the need to prevent, detect and manage fraud and corruption in all its forms to ensure that no undue benefit accrues to any person as a result of deceitful conduct in relation to funds entrusted by the taxpayers of Australia through AusAID. Coffey International Development will investigate any situation where there is a suspicion of bribery or corruption.

The ISP takes the following steps to minimise the risk of fraud and corruption:

- Induct all team members in ethics, privacy and fraud awareness;
- Have all team members commit to and sign a code of conduct;
- Have all team members declare potential conflicts of interest – real or perceived;
- Provide specialised training for employees involved in fraud control activities;
- Engage external scrutiny for fraud control activities;
- Conduct regular fraud risk assessments;
- Have fraud control plans in place based on Commonwealth of Australia Fraud Control Guidelines;

- Ensure appropriate fraud prevention, detection, investigation and reporting procedures and processes are in place;
- Coffey International Development Finance Manager undertakes spot audits; and
- The Trust Accountants perform a structured program of internal audits of all PPII and GIF Trust Funds (see Section 5.7 above).

Environmental Impacts

AusAID's policy papers on environment, *Integration in practice: Integrating disaster risk reduction, climate change and environmental considerations in AusAID programs October 2010* and *Environmental Management Guide for Australia's Aid Program 2003*, forms the basis for incorporating environmental impact considerations into SNS program activities. Inductions for all team members alert them to identifying and incorporating environmental considerations in program activities with the objective of minimising and mitigating negative environmental impacts. Adviser workshops incorporate sessions on the environment and the impact Adviser capacity building initiatives can have on the sustainability of PNG's environment.

8. Risk Management Plan – Overview

Risk is inherent in development work in countries such as PNG. However, its presence does not deter development partners from providing funds and resources; in fact it is often the presence of these risks which drives a number of development programs in areas such as governance and law and justice.

The ISP manages risk identification and analysis for the SNS through a risk management process, the aim of which is to identify risk as early as possible and avoid or minimise loss.

The management of risk is a shared responsibility between all parties. In SNS these are;

- ISP,
- AusAID and other donor partners,
- GoPNG central agencies such as Department of Provincial and Local Government Affairs, National Economic Fiscal Commission, Office of Rural Development.
- Autonomous Bougainville Government,
- Provincial and district administrations,

There are several stages to the process.

- Identification of risk.
- Analysis of risk.
- Applying the analysis.
- Monitoring and review.

The ISP has developed a risk management strategy and includes an updated risk matrix in each six monthly report.

Emerging risks for 2011 centre around the results of the technical adviser review and the termination of the ISP head contract on 31st May 2011.

The ISP will be required to manage the decisions of the TA review to minimise any adverse impact of the SNS program. As a general principle, advisers in low ranked positions will be phased out over the year, terminating at the completion of their current contract. All advisers will be required to develop an exit strategy as part of their forthcoming workplan and work in conjunction with their counterpart agencies to determine achievable objectives.

In the event Coffey International Development is unsuccessful in its tender bid for the new contract the ISP will be required to develop a corporate exit/transition plan to ensure momentum is maintained and the new ISP contractor is well prepared for its role.

The two events are not mutually exclusive. Changes to the adviser cadre at the same time as a new ISP contractor commences poses significant risks, particularly for AusAID and counterpart agencies as it will be their role to maintain the continuity of the program and ensure there is no slippage.

9. Communications

The ISP has put in place a number of communication strategies to address the complexity of effective communications between stakeholders in SNS. These are summarised in the following table.

Summary of Key Meetings and Activities

Weekly	Fortnightly	Monthly	Quarterly	Six Monthly	Annual	As required
Meetings						
TL & DTL (Mon)	TL & NEFC SMA (every 2 nd Wed)	Lead Advisers (last Wed)	GIF Partners (2 nd week after Quarter)	Adviser Performance Reviews	PPII Peer Review (2 nd Quarter)	Adviser Inductions
DPLGA CBD (Mon)	TL & ORD SMA (every 2 nd Thu)	ISP LES (1 st Tue)	All Adviser Meeting		Provincial Administrators Conference	
Provincial Teams EHP PPII team	TL & Finance Lead Adviser (every 2 nd Wed)	PPII Secretariat (last Thur)	ISP Risk Assessment Meetings		ISP Planning Process – consultation Aug – Dec Submit Dec – detailed implementation plan 30 days after approval of plan – Feb	
Communication Bulletin (Fri)	ISP Management Team (Tue)	AusAID / ISP Strategic Meeting	PLLSMA Meetings		NEFC Planning Day (Oct)	
Recruitment & Staffing Update (Fri)			ISP Lessons Learned Meetings		PPII Steering Committee (October)	
					CBD Planning Day (Nov)	
					PMD Planning Day (Nov)	
					DPLGA Planning Day (Dec)	
					Provincial Lawyers Conference	

Activities						
		ISP Internal Management Reports (2 nd Tue)	CPIA M&E Reports	Six Monthly Report	Annual Program Plan Annual Implementation Plan	Scoping ToRs
Activities						
		New Adviser Reviews (last week)	ISP Invoices	Update Procedures Manual (Feb & Aug)	Adviser Workplans reviewed	Review of Processes
		Monthly Vehicle Reports	Financial Reports		ISP Budget	Develop Requested Training
		Mini Budget Acquittals	Adviser Reports (6 th)	Trust Fund Audit Reports	Adviser Mini Budgets	Requested Procurement
			New Adviser Reviews (last Week)		IRT Review (May)	Provincial Exchanges
					IRG Review (July)	
					PIPP Account Audit Trust Account Audits (Feb-Apr)	

10. Sustainability

A key component of planning and implementing all program activities will be a sustainability analysis. Perhaps the most relevant sustainability factor for SNS is AusAID's commitment to a 15 to 20 year life for the Program. This expanded time frame represents better development practice and will allow for a gradual decrease of support over an extended period. Through continued monitoring and evaluation of capacity levels, support can be tailored to fit each agency, province or district's needs. The ISP will provide a range of specific support strategies to maximise the sustainability of program activities and achievements, including:

- Monitoring capacity building to ensure that knowledge and skills are transferred and that advisers assist in supporting implementation of change strategies by counterparts.
- Developing advisers' capacity building skills is a key aspect of the program, with on-going activities for advisers to maximise both their technical and capacity building abilities.
- Using and strengthening GoPNG systems and processes is a guiding principle for SNS.
- Using Coffey International Development Knowledge Management System to capture learning from the program to develop better strategies, activities and designs to maximise program benefits.
- Building a critical mass of highly skilled PNG advisers who will continue to be available to support activities and who can become future public administration leaders.
- Using knowledge from NEFC activities to maximise resources available for service delivery in provinces and districts.
- Developing structured support through exit strategies for Advisers departing the Program. Exit strategies represent consolidation of capacity development providing the opportunity to withdraw support systematically to facilitate acceptance of full responsibility for activities by counterparts.

A p p e n d i x 1

Annual Program Implementation Plan Logframe

A p p e n d i x 2

Capacity Building Framework and Strategy

Attachment 1 – Capacity Building Framework

Capacity Focus	Framework Aims - Technical Advisers	Framework Aims - ISP Staff
<ul style="list-style-type: none"> • Organisation • Clients: DPLGA (PLD, CBD, PMD & PLLSMA), NEFC, NRI, ORD Provincial Administrations 	<ul style="list-style-type: none"> • To strengthen capability of Advisers to effectively support existing GoPNG systems and processes to improve client performance and service delivery at Sub National level 	<ul style="list-style-type: none"> • To enhance the capability of staff to provide effective and efficient support services to Advisers and SNS partners
<ul style="list-style-type: none"> • Functions and roles • HR, Finance, ICT, Planning, Project Management etc 	<ul style="list-style-type: none"> • To strengthen capability of Advisers to build capacity of client functions and enhance the skills of organization partners, to perform roles effectively 	<ul style="list-style-type: none"> • To maintain staff competencies to support ISP functions and operations
<ul style="list-style-type: none"> • Individual 	<ul style="list-style-type: none"> • To expand and maintain the skills of Advisers for the process of capacity development[1] 	<ul style="list-style-type: none"> • To develop ISP staff skills for work practices and job performance
<ul style="list-style-type: none"> • Cross Cutting Development Issues Gender and Development, HIV/Aids, Economic Development, Anti-corruption and Fraud Control, Environmental Impacts 	<ul style="list-style-type: none"> • To ensure Advisers integrate responses to nominated cross cutting issues in their work practices and support to client organizations 	<ul style="list-style-type: none"> • To ensure staff are aware of the impact of cross cutting issues in their work and services
<ul style="list-style-type: none"> • Special Initiatives 	<ul style="list-style-type: none"> • To enhance capability in areas of special interest to SNS outcomes 	<ul style="list-style-type: none"> • To build corporate capacity of value to the ISP

Principles for ISP capacity building and training:

- Capacity can be most effectively developed from within the ISP and Adviser teams and workplace colleagues, by drawing on the resident backgrounds, experiences, learning's and skills of others;
- Capacity and skills can be developed on the job and through structured workplace learning;
- Learning and training can be identified and monitored through the performance management process; and
- Managers and Lead Advisers are responsible for facilitating capacity, learning and skill development.
-

Attachment 2 – Capacity Building Strategy

Aims	Initiatives for Technical Advisers	Notes
<ul style="list-style-type: none"> To strengthen capability of Advisers to effectively support existing GoPNG systems and processes to improve client organisation performance and service delivery at Sub National level 	<ul style="list-style-type: none"> Information sessions on GoPNG machinery of government structures and linkages and inter-relationships between SNS partner departments and administrations Induction periods in DPLGA and placement in other SNS agencies Performance reviews with Advisers with participation by client representatives 	<ul style="list-style-type: none"> Program into induction Induction Existing practice
<ul style="list-style-type: none"> To strengthen capability of Advisers to build capacity of client functions and enhance skills of organisation partners to perform roles effectively 	<ul style="list-style-type: none"> Briefings by Lead Advisers on learning's from Advisers work in SNS locations Coaching for Lead Advisers in performance and supervision duties and guiding report preparation for Advisers Peer reviews by Adviser Teams on functional capacity building experiences in SNS agencies and report writing Work plans inclusive of specified capacity building for counterparts Monitoring and partner agency feedback on progress of work plans/performance of Advisers 	<ul style="list-style-type: none"> Extend practice Extend practice Extend practice Improve current practice Improve M&E and feedback
<ul style="list-style-type: none"> To expand and maintain skills of Advisers for the process of capacity development 	<ul style="list-style-type: none"> Coaching by management and Lead Advisers on performance expectations and standards for preparation of reports Coaching in use of MS Office software, excel, word, PowerPoint Training in practical applications of individual and group facilitation, negotiation, presentation and project management (process of capacity development) 	<ul style="list-style-type: none"> Set up practice Set up practice Design and implement
<ul style="list-style-type: none"> To ensure Advisers integrate responses to nominated cross cutting issues in their work practices and support to client organizations 	<ul style="list-style-type: none"> Information and learning circles on cross cutting issues Coaching by Lead Advisers on cross cutting initiatives in work plans 	<ul style="list-style-type: none"> Extend current practices
<ul style="list-style-type: none"> To enhance the capability of staff to provide effective and efficient support services to Advisers and GoPNG SNS 	<ul style="list-style-type: none"> Coaching by Supervisors on work flow and practices Setting performance expectations with Supervisors and conduct of performance reviews 	<ul style="list-style-type: none"> Set up practice Extend current practices

Aims	Initiatives for Technical Advisers	Notes
partners		
<ul style="list-style-type: none"> To maintain staff competencies to support ISP functions and operations 	<ul style="list-style-type: none"> Teambuilding and work area planning to set priorities Meetings in teams to clarify roles and responsibilities 	<ul style="list-style-type: none"> Extend current practice
<ul style="list-style-type: none"> To develop ISP staff skills for work practices and job performance 	<ul style="list-style-type: none"> Coaching in use of MS Office software, excel, word, PowerPoint Performance reviews and feedback sessions with Supervisors 	<ul style="list-style-type: none"> Set up practice Enhance current practice
<ul style="list-style-type: none"> To ensure staff are aware of the impact of cross cutting issues in their work and services 	<ul style="list-style-type: none"> Information sessions on cross cutting issues for ISP support operations Coaching by Supervisors on applying cross cutting responses to work 	<ul style="list-style-type: none"> Extend current practices
<ul style="list-style-type: none"> To enhance capability (of Advisers) in areas of special interest to SNS outcomes 	<ul style="list-style-type: none"> Determine and assist action on Scholarships if needed Adviser assistance with Executive Development or District Executive Development Programs Adviser assistance in Provincial Exchanges 	<ul style="list-style-type: none"> Set up
<ul style="list-style-type: none"> To build functional and corporate capacity of value to the ISP 	<ul style="list-style-type: none"> Implement Coffey's revised Health, Security, Safety and Environment (HSSE) policy 	<ul style="list-style-type: none"> Policy compliance

A p p e n d i x 3

Risk Matrix updated as of 06/08/10

L	Likelihood	5 = almost certain, 4 = likely, 3 = possible, 2 = unlikely, 1 = rare	
C	Consequence	5 = severe, 4 = major, 3 = moderate, 2 = minor, 1 = negligible	
R	Risk Ratio	The risk ratio is the product of L x C, expressed as a factor of 100. The higher the ratio, the more serious the risk	

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
Program level							
Development and policies priorities of two Governments not shared	Programme's aims and objectives are jeopardised. Progress thwarted. Reversal or slippage of achievements to date.	3	4	48	Information sharing between the ISP AusAID and SNS Stakeholders. Provide information, analysis and support to AusAID as required. Support provided to GoPNG partners to build and maintain political and bureaucratic commitment by supporting the implementation of priority initiatives and addressing new policy priorities as they emerge. Identification and support of reform champions in building a solid base of commitment across government at sub-national and national levels.	ISP TL & DTL AusAID DPLGA Technical Advisers	Ongoing
Use of and integration with Government of PNG systems, particularly where those systems are not followed in the normal course of counterpart agency business Unwillingness to address blockages by	<ul style="list-style-type: none"> Program goal of using Government of PNG systems not met Program sustainability compromised. Danger of parallel systems being created . 	3	4	48	<ul style="list-style-type: none"> Support counterparts meet their requirements under GoPNG systems. Avoid the use of parallel systems. Provide timely advice to partners on issues relating to problems experienced in using GoPNG systems. 	ISP Management Team AusAID Technical Advisers	Ongoing

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
counterparts							
Financial mismanagement, fraud and corruption particularly in the use of Trust Fund and GIF monies.	<ul style="list-style-type: none"> Loss of funds from intended purpose. Loss of confidence and trust in counterparts. Compromising of the integrity of the programme. 	4	4	64	<ul style="list-style-type: none"> Robust financial management policies and procedures. Establish trust funds in accordance with PNG law. Financial Agreements with Provinces, Regular internal and external audits, Power to freeze trust accounts, Timely notification to AusAID and DPLGA of potential breaches. 	ISP TL, Services Manager and Finance Manager. Provincially based TA AusAID DPLGA ABG	Ongoing with reporting according to the ISP Risk Management Plan
Lack of donor, cross-program and GoA whole-of-government coordination.	<ul style="list-style-type: none"> Ineffective development delivery, Duplication Missed opportunities if one development partner assumes another is dealing with a matter, Deterioration of relationship with GoPNG agencies through their frustration with uncoordinated development partner activity and demands 	3	3	36	<ul style="list-style-type: none"> AusAID to maintain frequent dialogue with all GoPNG stakeholders and donor partners. AusAID co-located officers will liaise with other donors to promote cooperation rather than competition. Initiate quarterly aid effectiveness meetings to highlight areas for closer integration and ensure close alignment of all donor assistance to PNG's priorities to mitigate risk. Use of a Knowledge Management System to make information available to share. 	GoA (AusAID) GoPNG (DPLGA)	Ongoing
Difficulties in collecting program monitoring and	<ul style="list-style-type: none"> Ineffective monitoring and evaluation 	3	4	48	<ul style="list-style-type: none"> Development, use and strengthening of GoPNG Monitoring systems 	SNS M&E Adviser	Ongoing

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
evaluation data.	<ul style="list-style-type: none"> Analysis based on incomplete data Review and planning activities affected 				<ul style="list-style-type: none"> Adviser education in M&E processes and the advisers' role in supporting data collection. ISP to work closely with the M&E Adviser to support MEF implementation and to ensure that personnel understand the rationale for data collection and provide incentives for system support. 	AusAID M&E Adviser	
HIV AIDS continues to rise.	<ul style="list-style-type: none"> Human cost - loss of human resource Opportunity cost to government and development budgets where funds must be diverted to addressing the HIV/AIDS epidemic Social cost 	4	4	64	<ul style="list-style-type: none"> Support Provincial Administrations develop and implement an HIV/AIDS education programme. Support partner agencies to implement HIV AIDS action plans and training for staff. Support collection of data and indicators to demonstrate performance in managing impact of HIV AIDS. Education of ISP staff and advisers in HIV/AIDS as a significant problem for PNG. 	ISP TL & HR Manager SNS HIV AIDS Adviser	Ongoing
Provincial Performance Improvement Initiative and Autonomous Bougainville Government							
DPLGA or ABG capacity not meeting expectations, particularly as the programme grows.	<ul style="list-style-type: none"> Disengagement by counterpart agency Blockages put in place to slow progress towards SNS aims and 	3	4	48	<ul style="list-style-type: none"> Advisers to provide a high level of support for internal organisational capacity building. Effective and open communication between ISP, AusAID and counterpart 	ISP DPLGA, ABG, AusAID	Ongoing

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
	<p>objectives.</p> <ul style="list-style-type: none"> Loss of morale within counterpart agencies' personnel 				<p>agencies,</p> <ul style="list-style-type: none"> Identification of emerging issues and timely advice to partners. 		
Loss of key DPLGA or ABG personnel	<ul style="list-style-type: none"> Impact on program sustainability. Loss of key relationship. Loss of internal knowledge on SNS components. Loss of momentum Replacement with officer less committed to the programme's aims and objectives. 	5	4	80	<ul style="list-style-type: none"> Support for effective counterpart agency succession planning. Ensure knowledge of SNS is captured in the knowledge management system and the counterpart agencies' records Advisers support officers appointed to acting positions during the replacement phase and substantive appointees during initial phase.. 	DPLGA CB Adviser ISP DTL	Ongoing monitoring
Lack of engagement of Provincial Administrations or ABG.	<ul style="list-style-type: none"> Undermines support for PPII. Delays implementation of program phases. Impacts on capacity development outcomes and use of Government systems for program operations. 	3	4	48	<ul style="list-style-type: none"> Relationship development between SNS and provincial and ABG staff. Clear and open communication to Provinces and ABG on the benefits of SNS. Analysis of reasons for lack of engagement. Address issues of concern to counterpart agencies in a timely manner. 	DPLGA AusAID ISP DTL	Ongoing

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
PPII Performance Grants not sufficient to leverage improved performance in all Provincial Administrations.	<ul style="list-style-type: none"> Poor financial management practices continue, Lack of cooperation with audit team, Deterioration of relationship between province and DPLGA/SNS 	4	4	64	<ul style="list-style-type: none"> Change focus from size of the grant to how its utilisation will assist strengthen financial management systems throughout the counterpart agency. Use audit findings in a constructive and non-judgmental manner to educate finance staff on correct procedure. 	DPLGA ISP	
No criteria developed to graduate to phase three of PPII and beyond.	<ul style="list-style-type: none"> Frustration of provinces held back in phase two Loss of confidence in and commitment to the Program Partnership with province jeopardised 	1	4	16	DPLGA to develop and communicate the criteria for moving between PPII phases.	DPLGA AusAID	Ongoing –
Poor coordination, information sharing and communication amongst stakeholders.	<ul style="list-style-type: none"> Reduces effectiveness of SNS Creates confusion amongst stakeholders on their roles and the goals of the program. Limits implementation success and responsiveness. 	3	3	36	<ul style="list-style-type: none"> DPLGA to take ownership and develop a PPII Communications Strategy. Appointment of a Communications Adviser to DPLGA 	DPLGA AusAID ISP Management Team / TA	Ongoing with quarterly monitoring visits to provinces.

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
Staff turnover of key officers in PPII provinces or ABG administration.	<ul style="list-style-type: none"> Impact on program sustainability. Loss of key relationship. Loss of internal knowledge on PPII. Loss of momentum at provincial level Replacement with officer less committed to the programme's aims and objectives. 	5	3	60	Support Provinces to develop succession planning.	PA, DPLGA, HR Advisers.	Ongoing with quarterly provincial visits.
Political interference at national and sub-national levels.	Undermines SNS, including PPII.	5	4	80	Identify and notify and early warning provided to AusAID and GoPNG Peer support to PMTs.	PPII SC DPLGA SC ISP TL /DTL CPIA & Co-Located Team	As per secretariat meeting schedule / six monthly reporting
Delays in establishment of trust funds and transfer of incentive payments	<ul style="list-style-type: none"> Delays in implementing PPII activities Loss of confidence by provinces in PPII Loss of engagement with Provinces 	5	3	60	<ul style="list-style-type: none"> Identification and analysis of reasons for blockages. Timely discussions with DPLGA and assistance to address problems Persistence in dealing with responsible central agencies Regular information to Provinces 	ISP DPLGA AusAID	

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
Misuse of Trust Fund monies, fraud and corruption.	Financial and Reputation risk to Coffey International Development	4	5	80	See financial mismanagement risk above..	ISP Services Manager and Finance Manager.	Ongoing with monthly reporting from PPII Provinces / reporting to AusAID against the Risk Action Plan / Six Monthly and Annual Reporting cycle.
Non acquittal of Travel Allowances by Technical Advisers and Government of PNG counterparts.	<ul style="list-style-type: none"> Potential for misuse of program funding. 	3	3	36	<ul style="list-style-type: none"> Clear communication to Advisers at induction on the importance of TA acquittal. Enforcement of ISP Travel Policy and Procedure in relation to non-acquittal of travel allowances. 	ISP Services Manager & Travel Officer	Ongoing & during Adviser Inductions
Currency variation short-fall.	<ul style="list-style-type: none"> Potential to effectively reduce program budget. Potential impact on supplier ability to deliver goods and services. 	3	3	36	ISP to monitor exchange rate and alert AusAID to any possible issues.	ISP Finance Manager & Project Manager	Ongoing with quarterly reporting to AusAID
Poor Technical Adviser work plan development and inconsistent quality of Technical Adviser inputs and performance.	<ul style="list-style-type: none"> Poor planning leads to poor assessment of priorities and poor implementation. Opportunity cost of wasted funds and 	3	3	36	<ul style="list-style-type: none"> Advisers prepare workplans in conjunction with their counterparts who sign off on the workplan as an agreed document. Workplans are checked against TORs and programme objectives. 	ISP HR Manager & Team Leader	Ongoing with monthly & six monthly review & monitoring

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
	<p>resources</p> <ul style="list-style-type: none"> Loss of confidence by counterpart agency in the programme and/or the adviser. 				<ul style="list-style-type: none"> Progress against workplan is reported in each adviser's quarterly report,. Progress against workplan is verified at six monthly performance appraisal. 		
Lack of clarity as to reporting relationships for TA, Co-Located officers and the ISP.	<ul style="list-style-type: none"> Potential for dispute and disharmony Timeliness and quality of inputs and broader program objectives compromised. TA lacks clarity on expectations for their role which impacts on achievement of work plan activities. 	3	3	36	<ul style="list-style-type: none"> Subject of ongoing dialogue between ISP and AusAID. Role of colocated officers is evolving as SNS progresses. GoPNG and AusAID to act on the recommendations of the SNS-MTR . 	ISP TL & HR Manager AusAID	Ongoing with monthly & six monthly review & monitoring
Logistical and professional support of Technical Advisers located in provinces with poor infrastructure.	<ul style="list-style-type: none"> Reduces effectiveness of adviser input, Dissatisfaction of adviser which may have a flow-on effect with counterparts Disproportionate amount of ISP resource required to support placement. 	3	4	48	<ul style="list-style-type: none"> Induction and orientation of TA realistically describes location and its challenges. Regular contact with all advisers, Assistance to obtain accommodation Establishment of communications Security service provided where available. Placement of Logistics Coordinator in Buka to support all Coffey ID managed personnel in this area. 	HR Manager	Ongoing

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
Lengthy Recruitment Process	<ul style="list-style-type: none"> Delays in appointing advisers Loss of momentum during gap between advisers, Dissatisfaction from SNS partners 	3	3	36	<ul style="list-style-type: none"> Timely advice to HR of recruitment requirement. Completion of position scoping and TORs Targeted recruitment campaigns where this is appropriate. Timely preparation of applicants lists, shortlisting, interviewing ,reference checking and preparation of selection reports. Preparation and distribution of regular recruitment reports 	HR Manager Team Leader	Ongoing with monthly & six monthly review & monitoring
Delays in providing immediate response to security situations in provincial/remote locations, particularly where no security firms operate. This is now the situation in Southern Highlands Province. Several security companies are in Mendi but do not provide an incident response capability. They are contracted by LNG	<ul style="list-style-type: none"> Exposure of adviser to personal risk Possible withdrawal of adviser may delay or suspend SNS support to location 	4	4	64	<ul style="list-style-type: none"> Thorough safety and security briefing of advisers as part of induction The ISP Security Management Plan is updated and relevant for both national and sub-national situations. Procedures specific to high risk areas are developed. The ISP Logistics Coordinator maintains strong relationships with security providers in each location. Personnel are advised of potential security matters in a timely manner Lessons learned from security incidents and responses are continually fed back into program procedures. 	ISP Management Team	Ongoing

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
contractors and are engaged in asset protection.					<ul style="list-style-type: none"> The ISP Emergency Phone and Emergency Procedures are adhered to and understood by all TA and ISP team members. 		
Change of SNS personnel (AusAID) and ISP Management personnel.	<ul style="list-style-type: none"> Loss of key relationships. Loss of internal knowledge of SNS and the ISP. Loss of momentum at SNS management level 	5	4	80	<ul style="list-style-type: none"> A process of succession planning is implemented. All documentation and knowledge is stored on the knowledge management system to ensure consistency of access to information. 	ISP Management Team AusAID	Ongoing
Delays in finalising contract variations	<ul style="list-style-type: none"> Payments to Coffey IDEV are not commensurate with costs of providing services under the head contract. 	4	3	48	<ul style="list-style-type: none"> Timely conclusion of negotiations 	AusAID Coffey IDEV	
Uncertainty as Coffey IDEV ISP contract progresses through final year	<ul style="list-style-type: none"> Loss of key personnel to other employment, Difficulty in recruitment due to short contracts able to be offered. Inability to enter other contracts/leases/agreements beyond 31st May 2011 Loss of momentum. 	5	4	80	<ul style="list-style-type: none"> Timely decision by AusAID in regard to head contract Discussions between AusAID and Coffey IDEV regarding possible inclusion of novation provisions in contracts, Contract amendment executed. Contract amendment contains a novation clause in relation to employment contracts. 	AusAID Coffey IDEV	

Risk	Impact	L	C	R	Risk Treatment/s	Responsibility	Timing
Impact of LNG project and associated contractor activity on capacity of service providers and cost of living.	<ul style="list-style-type: none"> • Shortages of essential commodities e.g. fuel, • Difficulties in securing technical support from service providers eg maintenance technicians, • Delays in procurement of vehicles and other assets, • Shortages of acceptable hotel accommodation, • Inability or unwillingness of service providers to offer services outside LNG eg security in SHP • Increases in cost of living expenses, particularly rents in POM. 	5	3.5	70	<ul style="list-style-type: none"> • Monitor • Early identification of potential problems • Timely discussions with AusAID and stakeholders. 	ISP	ongoing

A p p e n d i x 4

Annual Program Implementation Plan Budget

SNS 2011 Estimated Financial Assistance (AUD)			
Log Frame #	Area of Assistance	Location	Estimated Value (AUD) of 2011 Assistance
1.1.1	Capacity Building Adviser	DPLGA - Capacity Building	89,91
1.2.2	PPI Incentive Payment	4 X Ph2 and 4 Phs 1	2,435,706
1.3.1	Lead Finance Adviser	PPI FIFO Advisers	172,871
1.3.2	Finance Adviser	PPI FIFO Advisers	133,899
1.3.3	Finance Adviser	PPI FIFO Advisers	92,492
1.3.4	Lead ICT Adviser	PPI FIFO Advisers	128,096
1.3.4	Lead ICT Adviser	PPI FIFO Advisers	70,000
1.3.5	Database Adviser	PPI FIFO Advisers	71,334
1.3.6	Lead Human Resource Adviser	PPI FIFO Advisers	172,871
1.3.8	Project Management Adviser	PPI FIFO Advisers	309,085
1.3.9.1	District Planning Adviser	Central	288,752
1.3.9.2	Human Resource Adviser	Central	222,940
1.3.9	Budget & Expenditure Adviser	Central	130,259
1.3.10	Implementation Facilitator	Central	369,136
1.3.11	Budget & Expenditure Adviser	East New Britain	152,180
1.3.12	Human Resource Adviser	East New Britain	39,060
1.3.13	District Implementation Adviser	East New Britain	369,136
1.3.14	Budget & Expenditure Adviser	Eastern Highlands	130,259
1.3.15	Human Resource Adviser	Milne Bay	117,179
1.3.16	Development & Planning Adviser	Milne Bay	157,395
1.3.17	Corporate Plan Implement Adviser	West Sepik	222,940
1.3.18	Budget & Expenditure Adviser	West Sepik	170,692
1.3.19	District Capacity Building Adviser	West Sepik	289,027
1.3.20	Human Resource Adviser	West Sepik	111,470
1.3.23	Corporate Plan Implement Adviser	Madang	222,940
1.3.24	Human Resource Adviser	Madang	111,470
1.3.25	Corporate Plan Implement Adviser	Manus	108,700
1.3.26	Corporate Plan Implement Adviser	Morobe	143,642
1.3.27	Technical Implementation Facilitator – Huon Gulf	Morobe	369,136
1.3.28	Corporate Plan Implement Adviser	New Ireland	222,940
1.3.29	Corporate Plan Implement Adviser	Oro Province	108,700
1.3.30	Corporate Plan Implement Adviser	Simbu	108,700
1.3.31	Corporate Plan Implement Adviser	West New Britain	108,700
1.5	PPI/DPLGA Review Advisers	Whole of DPLGA	351,852
1.5	Non TA Capacity Building	SNS Program	250,000
1.6.1	PLSMA Adviser	DPLGA - PMD	271,467
1.6.2	Performance Management Adviser	DPLGA - PMD	222,349
1.6.3	Committee Coordination Adviser	DPLGA - PMD	117,263
1.6.4	Function Assignment Adviser	DPLGA - PMD	279,085
1.6.5	Communications Adviser	DPLGA - PMD	162,950
1.7.1	Policy Adviser	DPLGA - Policy and Legal	315,085
1.7.2	Revenue and Taxation Adviser	DPLGA - Policy and Legal	339,085
1.7.3	Legislative Drafting Adviser	DPLGA - Policy and Legal	180,840
1.8.1	Strategic Management Adviser	NEFC Assistance	108,363
1.8.1	Replacement Strategic Management Adviser	NEFC Assistance	290,918
1.8.2	Economic & Fiscal Adviser	NEFC Assistance	315,085
1.8.4	Grant and Expenditure Adviser	NEFC Assistance	131,013
1.8.4	Replacement Grants & Expenditure Adviser	NEFC Assistance	255,124
1.9.1	NRI Partnership	NRI partnership	159,487
1.10.1	District Information Management System Adviser	ORD	336,753
1.11.3	Gender Adviser	PPI FIFO Advisers	233,897
1.11.6	Short Term Inputs	Whole of DPLGA	130,358
2.1	GIF funds for 2011	Bougainville	3,200,000
2.1.1	GIF Coordinator	Bougainville	53,127
2.1.2	Planning and Budget Adviser	Bougainville	222,940
2.1.3	Finance and Expenditure Adviser	Bougainville	143,037
2.1.4	Procurement & Contract Management Adviser	Bougainville	210,570
2.1.5	Human Resource Adviser	Bougainville	222,940
2.1.6	Economic Development Adviser	Bougainville	261,609
2.1.7	Legislative Drafting Adviser	Bougainville	177,609
2.1.8	Policy Development & Analysis Adviser	Bougainville	222,940
2.2.1	Human Resource Adviser	SHP	171,666
2.2.2	Corporate Plan Implementation Adviser	SHP	167,999
2.2.3	District Planning Adviser	SHP	222,940
3.1.3	ISP Costs	ISP	1,875,396
3.1.4	ISP Services Manager	ISP	291,766
3.1.4	Trust Accountant	ISP	45,219
3.1.4	Capacity Effectiveness Coordinator	SNS-ISP	160,521
3.1.4	Project Officer	ISP	51,267
3.1.4	SNS Administration Officers (x 4)	ISP	83,784
	TOTAL A\$		20,187,932

A p p e n d i x 5

List of Main Reference Documents

The following is a list of reference documents used to develop the Annual Program Plan for the Implementing Service Provider for AusAID's Sub-national Strategy:

- A Staged Approach to Assess, Plan and Monitor Capacity Building, AusAID, 4 May 2006.
- A Strategic Plan for Supporting Public Sector Reform in Papua New Guinea 2003 – 2007, Government of Papua New Guinea, 2002
- Accra Agenda for Action, OECD (Development Assistance Committee), 2008
- Aid and the environment-building resilience, sustaining growth: An Environment Strategy for Australian AID, AusAID, August 2007.
 - Aiyus, A. and May, R.J. (eds.). *Corruption in Papua New Guinea: Towards an Understanding of Issues*. Port Moresby, the National Research Institute, 2007.
- Audit of Anti-Corruption Measures in Papua New Guinea, Occasional paper No.3, the National Research Institute, November 2009.
- AusAID Domestic Violence and the Workplace Policy; Draft 10/10/2010. AusAID 2010.
- Bougainville Affairs; Voice of Peace, Volume 3, Issue 3. National Coordination Office for Bougainville Affairs (NCOBA), March – June, 2010.
- Capacity Building Division, Monitoring Framework: DRAFT, DPLGA, March 2008
- Central Province Corporate Plan 2006 – 2007, Central Provincial Administration, 2006
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