

STRONGIM GAVMAN PROGRAM

INI767

INDEPENDENT PROGRESS REPORT

MID-TERM REVIEW OF STRONGIM GAVMAN PROGRAM

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Aid Activity Summary

Aid Activity Name	Strongim Gavman Program
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Total other \$	n.a.
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Implementing partner(s)	PNG National Government agencies
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Primary Sector	Governance

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Attachments:

- A. Strongim Gavman Program Management Framework
- B. Terms of Reference: Strongim Gavman Program Mid-Term Review
- C. Evaluation Plan: Strongim Gavman Program Mid-Term Review Report
- D. List of people consulted
- E. Second Half 2010 Monitoring Report – Strongim Gavman Program (May 2011)

EXECUTIVE SUMMARY

Introduction

- a) This Mid-Term Review assesses the Strongim Gavman Program (SGP), a four-year program under which Australian public servants provide advice and capacity building support in PNG government agencies. The Review's purpose is to evaluate the effectiveness of SGP, recommend ways to improve SGP delivery and develop future programming options.

Evaluation Findings

- b) SGP assistance is highly relevant to the development priorities of the PNG and Australian governments. SGP advisers assist key national institutions in PNG to meet new and emerging economic and financial management challenges, improve border management and transport security and safety, and build a more capable law and justice sector.
- c) SGP supports the priorities agreed under the PNG-Australia Partnership for Development and its schedules -- through strengthening macro-economic management, budget allocation and accountability processes, and assistance to achieve outcomes in law and justice and transport. SGP has the potential to do more to contribute to the Partnership and PNG progress towards the Millennium Development Goals.
- d) As a whole-of-government program, SGP could also assist with strengthening communications and coordination across the PNG government. Like many developing countries, the coherence of the PNG government and its capacity to implement and monitor policy and programs is weak. Governments should consider extending SGP support to the coordinating departments of Prime Minister and National Executive Council (PM&NEC) and National Planning and Monitoring (DNPM), within current resources.
- e) Many PNG agencies have improved their performance in recent years and some government functions are starting to recover from years of declining standards. Heads of agencies credit SGP with assisting them to address high and pressing priorities. They particularly value SGP advice to the executive management on policy options and corporate reform, citing the benefits of having experienced and senior SGP advisers who are multi-skilled, work as a team and can access expertise, training and other resources from Australia.
- f) SGP's success in building sustainable agency capacities has been mixed both because the task is more difficult in some agencies and also because some agencies have a stronger focus on implementing capacity building strategies. Where agencies' mandates are largely to provide services, capacity building strategies can be easier to develop and implement, and agencies can plan to reduce reliance on advisers over the medium term. Where agencies have a more complex policy and operational context, capacity building is more challenging and is likely to be more incremental and long term. These agencies anticipate requiring adviser support over a longer period.

- g) To improve SGP effectiveness in developing capacity, all agencies should have up-to-date capacity building strategies that are monitored and actively managed by the executive. Without executive management that is committed to strengthening the capacity of staff and work units, the risk is high that agencies will become overly reliant on SGP advisers with the perverse outcome of undermining rather than contributing to national capacity.
- h) The management and governance of SGP and its coordination with the broader aid program are key weaknesses. They need to be addressed without delay. The Management Framework provides for joint governance of SGP and coordination with other aid activities. In practice, joint management of SGP at agency level (adviser selection, terms of reference, work plans and performance) is working reasonably well. However, since its intensive work to manage the transition from ECP to SGP, the Joint Steering Committee has met infrequently, attendance has tended to be poor and it has not provided strategic oversight of program directions and effectiveness despite receiving regular high quality monitoring reports. Coordination between SGP and the broader aid program has been similarly disappointing, although some individuals have progressed aid program coherence in their areas of work.
- i) Australia's mechanisms for managing and coordinating SGP have been inadequate and decision-making responsibilities unclear. Management meetings have tended to focus unduly on administrative matters with little attention to development challenges and aid effectiveness.
- j) Given the seniority of SGP team leaders and heads of agencies' role in managing advisers, administrative matters such as adviser appointments could be left to them. Joint governance mechanisms and Australian management of SGP needs to be strengthened to improve strategic oversight and program effectiveness and integrate SGP with existing aid program and other bilateral consultation arrangements.
- k) Australia and PNG have a long history of bilateral cooperation to support PNG's economic and social development. The institutional relationships fostered by SGP will continue to be an important element of bilateral development cooperation in future and for many PNG institutions long-term advisory support will continue to be a valuable component of broader capacity building support from Australia.
- l) Some Australian and PNG institutions envisage a reduction in the use of long-term advisers in coming years and more emphasis on twinning, special projects, internships, professional training and study tours for capacity building. Before committing to a new phase of SGP support, governments should take stock of what has been achieved to date and what remains to be done. Any future program should provide a menu of capacity building options for institutional cooperation including, but not limited to, long-term advisers.

Recommendations

Improving SGP

- 1) ***To strengthen SGP relevance to joint development priorities***, we recommend that: SGP continue support for economic and financial management and border management because they provide the structural underpinnings for economic and social development; SGP continue to support law and justice and transport infrastructure in close coordination with AusAID; SGP advisers in areas of Treasury, Finance and Auditor-General's Office with responsibility for the allocation and effective expenditure of government budgets increase their focus on sectoral and sub-national budget and financial management; and SGP assistance be offered to PM&NEC and DNPM to strengthen government coordination and the management of the development budget, by reassigning SGP positions from areas of lower priority or those where adviser numbers are expected to fall.
- 2) ***To improve performance reporting for SGP***, we recommend that, where evidence of SGP effectiveness is qualitative and anecdotal, the SGP monitoring and evaluation expert assist with improving the rigour of qualitative assessments and identifying objective performance data that would reinforce qualitative judgements.
- 3) ***To improve SGP effectiveness overall***, we recommend improvements to SGP management and governance that would, *inter alia*, focus governments' attention on SGP performance and the challenges and constraints to effectiveness (see below). ***To improve SGP effectiveness in capacity building***, we recommend that: SGP develop guidelines on appropriate roles for advisers and responsibilities of host agencies and disseminate them widely in PNG agencies; SGP agencies be required to have updated capacity development strategies and monitoring arrangements in place by mid-2012; SGP monitoring reports include progress against capacity development strategies. If SGP is not fully integrated into existing capacity development strategies, this needs to happen by mid-2012, with AusAID support.
- 4) ***To support a stronger SGP contribution to gender equality***, we recommend that AusAID take a more active role by encouraging gender advisers in the Economic and Public Sector Program (EPSP) and other sector programs to offer support to SGP advisers, promoting participation in EPSP Wokabaut Wantaim Power Relations module, and requiring advisers to include gender components in work plans and performance reports.
- 5) ***To strengthen joint management of SGP at agency-level***, we recommend that: joint selection be required for all advisers, and where Australian agencies are able to nominate only one candidate an appointment should not be confirmed until the nominee has met with PNG agency executives. If an appointment is not jointly agreed, the position should remain unfilled.
- 6) ***To improve joint governance of SGP*** we recommend the following changes: the Joint SGP Steering Committee should revert to meeting once annually to consider Monitoring Reports from the SGP Secretariat and prepare a report on SGP performance and future programming for the annual Australia-PNG Partnership Dialogue and the Senior Officials Meeting (SOM); governments need to agree which of these is the prime decision-making body for SGP

direction and resources; decisions on adviser appointments should be delegated to heads of agencies working within the jointly agreed resource framework.

- 7) ***To improve and streamline PNG Government coordination and management of SGP*** we recommend that this be subsumed into existing national mechanisms for the Australia-PNG Partnership Dialogue and the SOM, coordinated by DNPM and Department of Foreign Affairs respectively.
- 8) ***To improve Australian Government management of SGP*** we recommend that officials develop revised governance arrangements. These could include an annual meeting convened by DFAT Canberra to review SGP progress and plans ahead of the Partnership Dialogue and SOM, and periodic whole-of-government meetings in Canberra and Port Moresby to consider specific development challenges or effectiveness issues (this would also help to bring SGP advisers' understanding of PNG into the broader aid program). The frequency of Port Moresby team leader meetings at the High Commission should be reviewed. AusAID should convene three-monthly meetings of departmental SGP coordinators to share experience.
- 9) ***To improve coordination between SGP and the broader aid program*** we recommend that AusAID sector program directors and SGP team leaders meet as soon as possible to put in place measures to improve whole-of-aid coordination (border management would be coordinated through EPSP).

Future programming options

- 10) ***Before committing to a future phase of SGP***, we recommend that governments: request a detailed assessment of SGP achievements in PNG agencies and what more needs to be done to raise their capacity; clarify the agency-level objectives for SGP by agreeing on benchmarks for an acceptable standard of performance; agree on the improvements needed to reach these standards, a timetable for achieving them, and responsibility for actions to achieve improvements (PNG government, SGP, AusAID sector programs, other donors).
- 11) ***In setting the directions for a future SGP***, we recommend that: governments take into account SGP's potential to strengthen the machinery of government and government coordination; if 'strengthened collaboration between PNG and Australia' is to continue as an outcome, Foreign Affairs departments take responsibility for monitoring appropriate performance indicators.
- 12) ***In considering the components for a future SGP*** we recommend that governments take a comprehensive approach to institutional partnerships by extending the scope of SGP beyond long-term advisers to include all aid-funded capacity building activities. Partner institutions could negotiate a package of assistance that best addresses their priority needs from a menu that includes long-term advisers as well as twinning, special projects, internships, professional training programs and study tours.
- 13) ***In considering administrative arrangements*** we recommend that SGP continue as one program of government-to-government support with common approaches and shared resources for management, administration, and support services.

Evaluation Criteria Ratings

Evaluation Criteria	Rating (1-6)	Explanation
Relevance	5	SGP provides advice and capacity building assistance for the highest priorities of host PNG agencies. It also supports the high-level and sectoral priorities of the PNG-Australia Partnership for Development and has potential to do more.
Effectiveness	4	All agencies identified areas of improved performance as a result of SGP support. Updated capacity development strategies that include SGP, regular monitoring, and guidelines on roles of advisors and responsibilities of host agencies would improve effectiveness.
Impact		The potential development impact of SGP is high but it will partly depend on consistent political support for reform in PNG and broader political and governance constraints.
Efficiency	3	SGP is a high-cost program but the costs are justifiable while SGP is effective in addressing high-priority needs. SGP management and coordination is not efficient. Joint management needs to be coordinated with existing bilateral mechanisms, SGP meetings need to change their focus from administration to development and effectiveness issues, and SGP needs to be coordinated with the broader aid program.
Sustainability	4	SGP sustainability is reinforced through advisers working within PNG agency structures, work programs that contribute to corporate outcomes, and the capacity of advisers to facilitate institutional linkages. Sustainability is undermined by variable leadership, commitment to change and political will.
Gender Equality	4	In general advisers welcome opportunities to promote gender equality and are effective in doing so. AusAID should take a more pro-active approach – by encouraging sector gender experts to support SGP advisers, promoting the EPSP Wokabaut Wantaim Power Relations module, and requiring advisers to include gender equality in work plans.
Monitoring & Evaluation	4	The monitoring and evaluation framework for SGP is sound (although the rigour of qualitative assessments needs to be improved) and it provides regular assessment of progress, problems and constraints. But it does not deliver benefits in terms of program effectiveness because SGP management systems are focused on administration rather than effectiveness.
Analysis & Learning	3	The Management Framework incorporated the key recommendations of the ECP review but many have been implemented poorly. SGP's contribution to increasing Australia's understanding of PNG development challenges is under-utilised.

Rating scale:

Satisfactory		Less than satisfactory	
6	Very high quality	3	Less than adequate quality
5	Good quality	2	Poor quality
4	Adequate quality	1	Very poor quality

INTRODUCTION

Background and context

1. Papua New Guinea (PNG) and Australian Ministers agreed at the April 2008 Papua New Guinea-Australia Ministerial Forum to develop the Strongim Gavman Program (SGP) as a successor to the Enhanced Cooperation Program (ECP) funded by the Australian aid program. Through the SGP, senior Australian Government officials work for 2-3 years as advisers in PNG Government agencies to provide strategic policy advice and capacity development assistance.

2. The SGP started as a 4-year program on 1 July 2009. Its key document, the Management Framework (Attachment A), draws on the findings and recommendations of the Joint Review of the ECP. SGP is jointly managed with formal capacity development strategies and a monitoring and evaluation framework. The Management Framework performance targets for SGP are:

Goal: to assist the PNG Government to strengthen public sector performance in selected sectors and agencies

Objective: capacity strengthening of key agencies within the PNG Government through the provision of appropriate capacity development assistance and a joint-management approach

Expected outcomes: identified areas for capacity assistance in targeted agencies are addressed; targeted agencies acquire skills and competencies in strategically significant performance areas; technical assistance is provided to enable targeted agencies to contribute effectively to the PNG government's key strategic outcomes in the areas of economic growth and the provision of essential services; and ongoing collaboration between PNG and Australia is strengthened and the experience and mentoring skills of Australian officials is enhanced.

3. Recent developments in the PNG-Australia bilateral relationship provide the context for this Mid-Term Review. The Review of the PNG-Australia Development Cooperation Treaty (April 2010) recommended reducing overall technical assistance while protecting high value assistance, greater selectivity in the sectoral coverage of Australia's aid, and more emphasis on direct service delivery. Later in 2010, the joint review of advisers by Australian and PNG officials agreed to cut the overall number by 181 including eight from SGP (leaving 42). At the 20th Australia-Papua New Guinea Ministerial Forum in October 2011, Ministers agreed to reposition the aid program to narrow its sectoral focus. They signed Schedules to the PNG-Australia Partnership for Development that set down joint priorities and commitments in education, health including HIV and AIDS, transport infrastructure, and law and justice.

Evaluation Objectives and Questions

4. The Mid-Term Review's purpose is to evaluate the effectiveness of SGP, including whether it is assisting Australia to achieve its aid objectives in PNG, recommend ways to improve SGP delivery, and develop future programming

options. Attachment B provides the Terms of Reference. The Review is asked to consider four issues:

- Relevance of SGP to the PNG program, Government of PNG priorities and Australian government priorities
- Effectiveness and impact of SGP, including its contribution to service delivery results, and the extent to which it is directly contributing to sustainable, long-term capacity development
- Effectiveness and efficiency of SGP governance arrangements including coordination arrangements within SGP, and between SGP and the broader PNG program
- Value of SGP to the broader Australia-PNG bilateral relationship.

Evaluation Team, Scope and Methods

5. The Mid-Term Review was undertaken by Margaret Callan and Ilivitalo Saneto, independent consultants, with support from Amanda Andonovski (AusAID) and Martin Korokan (Department of National Planning and Monitoring, DNPM). Mr Saneto joined the Review team as Specialist Consultant at short notice on 16 November after the previous consultant withdrew. Mr Saneto was unable to participate in Canberra consultations.

6. The Review team consulted key documents relating to Australia and PNG aid priorities, the implementation and monitoring of SGP, and international and Australian experience and policies on capacity building for development (see Annex A of Attachment B). The Review Evaluation Plan, see Attachment C, included questions against AusAID's standard evaluation criteria.

7. The team consulted PNG and Australian government officials engaged in the SGP program, in Port Moresby from 14-25 November and in Canberra from 5-9 December (see Attachment D). Consultations with PNG agencies included heads of agencies, other senior executives and counterparts at operational levels. Separate meetings were generally held with PNG and SGP representatives but this was not always possible due to time and work pressure. Internal Revenue Commission officials and advisers were unavailable for consultations.

8. An Aide Memoire was prepared following the consultation phase and all stakeholders were invited to provide comment on the initial findings and recommendations. We thank everyone for sharing their experience, insights and views and for being generous with their time.

EVALUATION FINDINGS

Relevance of SGP to the PNG program, PNG and Australian priorities

9. SGP is highly relevant to the PNG government's national development priorities as set down in the Medium Term Development Plan 2011-2015 and the Development Strategic Plan 2010-2030. The PNG public sector is modernising and strengthening its policy and legal frameworks, institutional arrangements and delivery of government services to meet the demands of

rapidly expanding private investment and the need to harness the opportunities these present to improve economic and social development. PNG is not on track to achieve any of its Millennium Development Goals (MDGs) by 2015.

10. The objective of the PNG-Australia Partnership for Development and its schedules is more rapid progress towards poverty reduction and the other MDGs. SGP is highly relevant to the high-level commitments both countries have made under the Partnership – for Australia, providing support to build effective national institutions and public sector workforce capacities, and for PNG, improving macroeconomic policy and management of public resources and the rule of law.

11. PNG's economic transformation is presenting new challenges for all parts of the public sector including the agencies currently supported by SGP -- Treasury, Finance, Auditor General's Office, Internal Revenue, Law and Justice agencies, Transport (including Civil Aviation), Customs and Immigration. Examples of SGP's relevance to current PNG priorities include assistance for setting up the legislative framework and operations of newly corporatized entities (PNG Immigration and Citizenship Services, PNG Customs and Civil Aviation Safety Authority of PNG) and support to strengthen the operations of transport safety and security and border control agencies at a time of large increases in freight and people movements.

12. SGP assistance over a number of years has helped PNG to establish the frameworks needed for responsible macro-economic management, in particular the Medium Term Fiscal Strategy, Medium Term Debt Strategy and improved budget screening processes. These, together with the Sovereign Wealth Fund, are highly relevant for this period of economic expansion. SGP is also providing expertise to enable PNG to comply with international anti-money laundering requirements. Non-compliance would be a serious risk for PNG, with potentially large impacts on capital flows and trade.

13. The Partnership schedules set out joint priorities to which SGP is contributing directly. For Transport Infrastructure, SGP advisers are assisting to achieve Partnership targets for compliance with international safety and security standards. In Law and Justice, SGP advisers support the following Partnership priorities: increasing access to justice and just results, maintenance of a national correctional system, and improvements in the detection and prosecution of fraud and abuse or misuse of power. SGP also assists with the training and professional development of a sufficient number of prosecutors and legal officers to serve the expanding court system. Without them, more courts will not necessarily translate to increased justice for PNG citizens.

14. In addition to these direct contributions, the schedules note that SGP supports the fundamental requirements for improving services, stable macro-economic environment, capable officials, and an appropriate allocation of funds to service delivery priorities. Some of those interviewed suggested that parts of SGP's work in economic and financial management and border management were too indirect to be regarded as relevant to Partnership priorities. We

disagree -- these areas represent the structural underpinnings for economic growth and they drive PNG's capacity to deliver improved services.

15. However, we recognise that SGP has potential to strengthen its support for the elements of economic and financial management more directly relevant to Partnership outcomes. Parts of Treasury, Finance and Auditor-General's Office have responsibilities for sectoral and sub-national budget and financial management that have a direct bearing on the allocation, timely disbursement and effective expenditure of funds for service delivery. We suggest that SGP advisers in these areas strengthen their support for outreach initiatives with line agencies to assist with budget bids, with the Department of Provincial and Local Level Government to improve sub-national budget and financial management, and with the National Economic and Fiscal Commission to improve inter-governmental financing procedures.

16. It was suggested that SGP's engagement in PNG agencies be broadened, particularly to address weaknesses in government coordination that are undermining national budget and planning processes. Increasing SGP focus at the sub-national level to be closer to service delivery was also proposed (we note SGP prosecutors already work in Lae and Madang).

17. Any expansion of SGP support within or beyond current agencies would require a reduction elsewhere, given governments have agreed that total Australian adviser numbers be strictly controlled. Provided this condition were satisfied, the Review team would support SGP assistance being offered to the Department of Prime Minister and National Executive Council (PM&NEC) and DNPM, both of which have key coordination functions. DNPM is also responsible for the development budget, approximately 42 per cent of the total 2012 budget. Expanding SGP support at sub-national levels should be assessed on a case-by-case basis and take account of SGP's comparative advantages and character. This comparative advantage includes the fact that advisers are Commonwealth public servants with Australian public service values and expertise.

Effectiveness and impact of SGP

Contribution to agencies' performance

18. The Review's findings and recommendations on SGP's effectiveness and impact are based on our consultations and SGP monitoring reports (see Annex A to Attachment B), particularly the May 2011 Monitoring Report (Attachment E).

19. We assessed SGP's effectiveness against the program's goals, objectives and expected outcomes. Their clear focus is that SGP should strengthen the capacity of PNG institutions to perform and deliver their strategic outcomes. Capacity strengthening is directly linked to agency mandates and performance, and advisers' work plans are prepared and reviewed in their work units.

20. We assess the SGP as effective overall in improving the performance of PNG agencies. Selected SGP performance indicators in paragraphs i-xii below substantiate this assessment. Attachment E provides further evidence.

- i. PNG's **budget framework and processes, financial management and accountability mechanisms** have improved as a result of support from SGP advisers. The Medium Term Fiscal Strategy, Medium Term Debt Strategy and more disciplined budget screening process have enabled PNG to better manage the economic impacts of the resources boom. PNG's development budget was assessed in the 2012 budget screening process for the first time. SGP provided expert advice for PNG to design and legislate for a Sovereign Wealth Fund (SWF) which will improve management of future resource revenues. The PNG government is currently receiving a large number of investment proposals seeking concessions; with SGP assistance Treasury is better able to identify risks and provide advice to investors and government.
- ii. PNG Finance's engagement in the budget screening process has improved: there is more scrutiny of budget bids and the budget is better aligned with government priorities. With SGP assistance, Finance has improved its systems and support for staff in 108 provincial and district treasuries who play an important role in providing financial resources to service providers. SGP support for the current review of PNG's financial framework will lead to legislation in 2013 to strengthen financial management across government and introduce sanctions for non-compliance. Finance has established and supports, with SGP assistance, 27 functioning internal audit committees to strengthen oversight of public monies.
- iii. PNG Auditor-General's Office has established a performance audit function with expert advice from SGP and is now able to expand audits to focus on service delivery performance. SGP assisted to clear the 2009 backlog of provincial government audits and hospital audits, to develop a commercial capability that has led to a number of audits of government commercial enterprises, and to establish regular outreach to government departments and provincial and local level government to promote improved compliance with PNG's financial management framework.
- iv. Performance of the Internal Revenue Commission (IRC) has improved with SGP assistance: corporate planning and management including risk management has been strengthened and is monitored regularly by the executive; IRC introduced a Key Client Management Function for resource investors and the 2011 client survey indicates they are satisfied with performance; and IRC has reviewed, closed and recovered funds for the State from 160 aged tax assessments.
- v. In **border management agencies** SGP has assisted PNG to establish new institutions and improve performance. PNG Customs separated from IRC in January 2010, published a service plan and corporate plan, and is progressing implementation. Customs services are being modernised in line with World Customs Organisation standards; with technical support from SGP new container examination technology has been installed and staff trained to use it appropriately. Improved passenger facilitation times, more efficient cargo assessment, increased revenue, improved maritime capability, data automation, and an increase in transnational crime investigations all indicate improvements in performance at a time of high demand from the PNG LNG project.
- vi. Over the last four years, PNG Immigration and Citizenship Services (ICS) has been transformed from a division of the Department of Foreign Affairs to an independent self-funded institution. SGP assisted with all the steps involved in this structural change, from legislation to executive systems and organisational change. SGP assisted ICS to develop special visa processing capabilities for the PNG LNG project.

ICS performance and efficiency has improved (visa processing times, risk management and compliance management) and managers credit SGP with giving the organisation standards.

- vii. In **transport safety and security**, SGP advisors assisted PNG to upgrade systems for maritime security, including legislation, risk and threat assessment, and engagement with industry. In aviation safety and security, SGP provided expert advice for the establishment of CASA PNG after its separation from the National Airports Authority and helped PNG prepare for an International Civil Aviation Organisation (ICAO) safety audit in February 2009 and security audit in October 2010. Implementation of CASA's Corrective Action Plans arising from these audits will assist in strengthening aviation safety and security standards in PNG. Aviation safety management systems have been upgraded and a confidential reporting system for aviation incidents established with SGP support.
- viii. The thirteen (13) SGP advisers in **law and justice** span the PNG justice system. They assisted PNG to develop legislation that complies with international requirements for financing of terrorism, trafficking in persons and people smuggling, counter-terrorism and transnational organised crime. SGP supported legislation to amend the Village Courts Act to improve access to justice. Advisers also assisted collaboration with the Department of Community Development to address discrimination against women.
- ix. SGP public prosecutors work in-line in the courts and mentor and train counterparts for advocacy work. Many young lawyers lacked the confidence to go to court but advisers noted that with SGP support their confidence and effectiveness as public prosecutors is increasing. SGP has assisted with improving prosecution of family and sexual violence through: prosecuting cases, mentoring counterparts, liaison with the police and health system, and appointing a victim liaison officer to support victims through the legal process.
- x. SGP support for improving case and file management systems and pre-trial consultations has helped to improve the effectiveness of prosecutions and the efficiency of the Waigani court and Madang circuit. The Proceeds of Crime Unit of the Public Prosecutor, with SGP support, has secured to date asset restraining orders and forfeitures valued at PGK6.1 million for the State.
- xi. In the Office of the Solicitor General, results from claims against the state have improved including fewer default decisions. SGP support in the following areas helped to achieve this outcome: tracking of files and outreach to government departments to improve evidence and instructions, improved preparation of defence strategies and briefs, and better-trained lawyers. In the State Solicitor's office SGP assisted the executive to improve effectiveness and efficiency including through the introduction of standardised procedures and templates that provide guidance to staff, save supervision time and facilitate performance monitoring.
- xii. SGP support complements the partnership agreement between PNG Correctional Services and Queensland Correctional Services. Together they assisted the Correctional Services Training College to introduce in 2011 a new training curriculum for recruits and senior managers courses both of which will assist with modernisation of the service. SGP assisted Correctional Services to introduce a modernisation plan and new structure in 2009, reforms in human resource management led to savings of PGK1 million from misappropriated funds, and female staff received formalised training for the first time.

21. In describing what contributes most to its effectiveness, advisers and agency executives noted key elements of SGP's comparative advantages (see

paragraph 4.3, Attachment A) and joint management arrangements including: advisers' work plans contribute directly to agency work plans, SGP team leaders have seniority and experience that is respected and trusted by executive managers, SGP advisers are multi-skilled so they can assist with emerging issues and source additional expertise from their home departments if required, and in agencies with several SGP advisers the team-based approach assists with problem-solving.

22. The Review team noted that many SGP advisers' reports have tended to be inputs- rather than outputs-oriented. The monitoring and evaluation adviser has encouraged and assisted advisers to focus on outputs and outcomes, with some success, and this should continue. We also noted that while SGP advisers in some agencies, especially those with an operational focus, can provide quantitative measures of improved performance, in others the evidence of SGP success is qualitative and in some cases anecdotal.

23. We agree that the quality of an agency's policy advice or the confidence and competence with which its officers carry out their responsibilities are valid and appropriate indicators of performance for some government functions. However, since qualitative judgements are subjective, we recommend that the SGP monitoring and evaluation adviser be requested to assist with improving the rigour of qualitative assessments and that agencies be encouraged to collect quantitative information wherever possible to support qualitative assessments.

Contribution to capacity development

24. SGP effectiveness in contributing to capacity development is less easily assessed than its contribution to PNG agency performance. One of the principal changes between ECP and SGP was an increased emphasis on capacity building rather than in-line or operational work. Heads of agencies, counterparts, SGP team leaders and Australian government departments without exception identified capacity building as their objective for SGP. In the transition from ECP to SGP, all agencies undertook a capacity diagnostic, with support from the SGP Secretariat, and advisers' terms of reference were amended as required.

25. PNG agencies and SGP advisers provided many examples of improved discipline in work processes and management systems, and work areas where skill levels and capacity had improved markedly such that SGP advisers had been moved away to focus on other needs. In agencies where skill development is largely technical or oriented to providing specific services (customs, immigration, tax, transport safety), PNG and Australian agencies envisage that they could start to reduce SGP in 2-3 years, pending a further assessment of capacity. Others anticipate requiring SGP support for many years. In complex areas such as economic policy and public financial management, change is a long-term process and progress is likely to be incremental, so it is important to have a realistic approach to capacity building. Public prosecutions is also an area where a longer time-frame for capacity building is appropriate, mainly because of the anticipated expansion in staff numbers and the expectation in PNG that

relatively inexperienced staff will prosecute serious crime such as murder and rape after only six months in the job.

26. For counterparts, SGP has been very effective in building skills through one-on-one mentoring, technical workshops, competency-based training and short-term placements and study tours in Australia (usually funded through twinning programs) that are valued by PNG agencies for the work place experience and professional contacts they provide.

27. Capacity building is a hardy perennial in international development studies -- successes in terms of sustainable impact have not been commensurate with the aid dollars spent. A recent study¹ describes the key to effective capacity development in terms of organisational leadership and a credible capacity development strategy that identifies desired competencies and monitors them. This is consistent with AusAID's Joint Adviser Review Report (February 2011) and the 2010 PNG and Australia joint review of advisers, both of which recommended that adviser assignments have clearly identified objectives and specify what will be achieved and when. All of these points are pertinent for SGP.

28. For some advisers, counterparts and Australian agencies, SGP is less effective in developing national capacity than it could be. They noted the risk that advisers were undermining capacity particularly when management tasked them to undertake or supervise work, or when they stepped in to complete tasks when counterparts fail to attend the workplace. In these cases, the agency's performance may improve with SGP support, but its capacity may remain undeveloped. Areas where host agencies were perceived as needing to do more to create an enabling environment for capacity building included: demonstrated commitment to improved performance, actively setting and monitoring priorities and standards, performance monitoring including attendance, merit-based appointments, greater stability in counterpart work units, and adequate staffing levels.

29. To strengthen SGP's capacity building effectiveness, we recommend that: SGP develop guidelines on appropriate roles for advisers and responsibilities of host agencies and these guidelines be widely disseminated to counterparts; SGP agencies have updated capacity development strategies and monitoring arrangements in place by mid-2012; and SGP monitoring reports include progress against capacity development strategies. Several PNG agencies have completed updated capacity diagnostic reports over the past year with assistance from AusAID programs, but regrettably in some cases SGP was not fully integrated into these. The Review team recommends that AusAID support the full integration of SGP into agency capacity development strategies.

30. With respect to staffing levels, SGP agencies have vacancy rates of 20-40% of their approved staff establishments. In recent budgets, recurrent funding has been increased and some of this is available for recruitment. However in the

¹ Oxford Policy Management, October 2011, 'Escaping the capacity treadmill Time for a more sustainable, cost-effective approach to capacity development'

current competitive environment in PNG, it is difficult for the public sector to attract the strongest and most experienced applicants for positions because it cannot offer competitive terms and conditions. This situation reinforces the need for departments to have good capacity building and training programs.

Sustainability and impact of capacity development

31. SGP has two important strengths in terms of sustainability. First advisers work within the structures and corporate plans of their host institutions, and second, they are able to facilitate and establish long-term linkages between PNG and Australian institutions with similar mandates. In some cases, working relationships between Australian and PNG institutions have been longstanding; they go back for 20 years or more for the Auditor-General, Immigration and Customs. Institutional linkages mean PNG agencies can reach into partner Australian institutions and access their public sector and policy experience, technical information and research and data bases.

32. Formalised twinning agreements are actively used in more than half the agencies supported by SGP for staff training and exchanges, internships, short-term technical advice and study tours. These activities reinforce and are complementary to the work of long-term advisers. For example, each year up to 4 PNG graduates from the Auditor-General's Office spend 10 months working at ANAO or the Audit Office of NSW and it is estimated that almost one-quarter of all staff have spent a year in Australia. In one division of PNG Treasury, twinning is credited with establishing professional networks in Australia for over half the staff. In other departments and agencies, cooperation and collaboration on special projects or areas of mutual interest are common. In the transport sector, for example, an annual PNG-Australia senior officials meeting takes place to discuss the full range of cooperation activities and shared interests.

33. The public policy environment in PNG will continue to change as the economy expands and the global economic and security environment becomes increasingly complex. In this context, the Review recommends that a future program of long-term Australian government advisory support to PNG agencies should be integrated with activities such as twinning, special projects, internships, professional training programs and study tours that provide complementary and reinforcing capacity development assistance. Extending the scope of SGP would reinforce the program's sustainability at the same time as allowing institutions to agree on a package of assistance that is effective in meeting PNG priorities and efficient in terms of staff and other costs.

34. The development impact of SGP will be long-term and subject to many factors beyond the scope of the program to address. Improvements in public sector performance as a result of SGP support have the potential to make a significant impact in terms of economic growth and opportunity and the delivery of basic services. However, the full potential will only be realised if there are broader political and governance improvements PNG. SGP's impact on generally poor basic services will also depend on complementary sector assistance to strengthen basic services such as health, education and transport infrastructure.

Many of PNG's political and governance challenges were listed in the 2007 Review of the Public Sector Reform Program²; they include disrespect for the rule of law and government policy commitments by politicians, political interference in due process, erosion of public sector values through politicisation of the public service, and limited enforceability of public accountability with appropriate sanctions. These issues are more suitably addressed in broader bilateral discussion at the political level. With respect to weaknesses in basic service delivery, the Partnership for Development provides a framework for SGP, AusAID sector programs and PNG government to coordinate to improve the impact of their combined contributions to PNG's development.

Effectiveness and efficiency of governance and coordination arrangements

Governance arrangements for SGP

35. The Joint Review of the ECP found that it had significant shortcomings in joint management, monitoring and coordination with the rest of Australia's aid. Governments therefore agreed on mechanisms for joint management and governance of SGP and its coordination with the broader Australian aid program.

36. At the agency level, we found that senior executives in PNG and Australia are generally satisfied with SGP joint management arrangements including advisers' terms of reference, selection, work planning and management. Regular teleconferences and occasional visits between executive-level officials in both directions are useful in addressing difficulties that may arise. For some PNG agencies, however, 'jointness' does not always work well, partly because they cannot participate in adviser selection due to other pressures but also because Australian agencies are sometimes unable to nominate more than one suitable candidate. Good working relationships between individuals are critical to the success of SGP. We therefore recommend that joint selection be required for all advisers and when only one candidate is nominated for a position, an appointment be confirmed only after the nominee has met with host agency executives. Positions should remain unfilled if there is no joint agreement.

37. At the programmatic level, and with the exception of the SGP Secretariat, joint governance and management arrangements are not working so well. The Joint SGP Steering Committee set up to provide oversight and direction to SGP has not played a substantive role since the period of intense activity in 2008-09 to manage the transition from ECP to SGP. Many PNG members of the Steering Committee have not been able or willing to attend meetings, so during the past two years these have been held mainly out-of-session. Moreover, the agenda consists of routine matters such as appointments and extensions – members could recall no matters of strategic importance that had been discussed during the past 18 months. In particular, monitoring reports from SGP advisers have not been discussed in the Steering Committee (and we could not find any other government forum where they were discussed). Adviser reports frequently raise

²Government of Papua New Guinea, June 2007, 'Review of the Public Sector Reform Program'

important issues for SGP effectiveness, so it is difficult to see how current management practices are providing adequate oversight and direction to SGP.

38. The Review Team recommends changes to **joint governance arrangements** to improve SGP oversight and direction and bring it into the established aid program framework. The Joint SGP Steering Committee should move to meeting once annually to consider Monitoring Reports from the SGP Secretariat. It should prepare an annual report on SGP performance and future programming for the annual Australia-PNG Partnership Dialogue and the SOM for the PNG-Australia Ministerial Forum. Governments should agree which of these bodies has prime responsibility for decision-making on SGP. Once SGP directions and resources are agreed, adviser appointments and extensions should be left to heads of agencies. The SGP Secretariat should continue its current structure and services, with AusAID staff located in the High Commission providing development expertise and PNG officials providing administrative and communications services.

39. Requirements for national-level governance and management of SGP are different for PNG and Australia. The Review team did not find a compelling argument for a **PNG government** governance and management framework for SGP. We concluded that most PNG agencies are satisfied with agency-level joint management arrangements and they do not currently see the need for a higher-level committee for SGP. PNG management of SGP could therefore be subsumed into existing national mechanisms for the Australia-PNG Partnership Dialogue (coordinated by DNPM) and the SOM (Department of Foreign Affairs) as per paragraph 38.

40. For the **Australian government**, SGP involves a large commitment of senior officials and aid funds by the Commonwealth and it requires corresponding governance and management. Most Australian agencies and SGP advisers are dissatisfied with current arrangements. SGP is designated as a program for which DFAT has primary responsibility, with AusAID responsible for administration and implementation. DFAT Port Moresby convenes regular meetings of team leaders to exchange information on priorities, developments in the bilateral relationship and personal security. These meetings do not discuss PNG development issues or aid effectiveness. Meetings convened by DFAT Canberra mirrored the Port Moresby meetings until 2011 when they were replaced by six-monthly meetings to focus on strategic issues. One such meeting has been held to date.

41. Departmental SGP coordinators told the Review team that, while they found the previous frequent meetings in Canberra to be unproductive, SGP involves administrative challenges for their agencies and they would welcome more opportunities to share experience. We recommend that AusAID convene three-monthly meetings of SGP coordinators in Canberra for this purpose.

42. The Review team agrees with SGP advisers, AusAID and other officials who argued that Australia's governance arrangements should provide a forum for structured cross-program dialogue that focuses on strategic development

and effectiveness issues and reflects SGP's whole-of-government character. We propose that Australian officials develop revised governance arrangements to achieve this. They could consider the framework of the Australia-Indonesia Government Partnerships Fund or other similar government-to-government programs. The new arrangements could include an annual meeting convened by DFAT Canberra to review SGP progress and plans ahead of the Partnership Dialogue and SOM, and periodic whole-of-government meetings in Canberra and Port Moresby (convened by SGP home agencies, SGP team leaders, AusAID or DFAT) to consider specific development challenges and effectiveness issues. Officials would need to agree on the decision-making status of these meetings and the frequency of the current team leader meetings in Port Moresby.

Coordination of SGP with the broader Australian aid program

43. The ECP review noted the need 'for pulling the disparate elements of Australian assistance relating to a particular objective or sector together in the context of GoPNG's own reform agenda, reporting on progress and identifying gaps from a whole-of-aid perspective'³. In response, the Management Framework provides for SGP coordination with the rest of Australia's aid through PNG sector mechanisms and AusAID sector programs.

44. Unfortunately, for reasons that are difficult to establish, coordination has not proceeded as intended in some sectors, although in others Australian advisers work well with each other and with AusAID. In the transport sector, AusAID, the senior transport policy adviser and the SGP team leader coordinate closely, all were engaged in negotiation of the Partnership schedule for transport infrastructure which covers all of Australia's aid, and heads of sector agencies are confident of getting coordinated assistance from Australia. Similarly, in some law and justice agencies SGP and AusAID sector advisers coordinate their work programs to maximise agency benefits. However, in neither case were formal coordination processes in place. Without formal requirements and mechanisms for coordination, there is a risk that Australian-funded advisers in PNG agencies will be unaware of each other's presence and work program, will provide inconsistent advice and support, and will miss opportunities to collaborate to make Australia's aid more effective and efficient.

45. The Review team recommends that AusAID sector program directors and SGP team leaders have consultations as soon as possible to discuss steps to improve whole-of-aid coordination and to reduce the risk of parallel and uncoordinated Australian aid. They need to address the concerns of some SGP advisers that coordination could undermine their relationships with senior executives. Arrangements are likely to vary between agencies. For example, in Treasury and Finance, SGP has a stronger presence than AusAID and its advisers are engaged at higher levels of management than AusAID advisers so it may be appropriate for SGP to lead coordination for Australia.

³ 'Joint Review of the Enhanced Cooperation Program (ECP)', March 2008, Report prepared for the Governments of Papua New Guinea and Australia, p 13

46. Australian agencies are concerned that SGP border management activities do not fit into current PNG sector coordination mechanisms or AusAID sector programs. The Review team noted that the AusAID EPSP recently provided support to PNG ICS to prepare a capacity diagnostic and ICS is accessing other support from EPSP. Also, the program management group for EPSP is chaired by the Director-General of the Central Agencies Coordinating Committee who also chairs the SGP Steering Committee. Since EPSP provides support across the PNG public sector, we see no reason why it would not be considered a suitable Australian aid coordination mechanism for SGP border management activities.

SGP resources and costs

47. Both governments agreed to reduce the overall number of advisers under the aid program, and to cut SGP positions from 50 to 42, following the 2010 'Joint Review of Technical Adviser Positions Funded by the Australian Aid Program'. This Review team therefore assumes no future growth in overall SGP numbers.

48. SGP is more costly on average than other Australian technical assistance programs. PNG agencies are aware of this. We found that senior executives in PNG agencies considered SGP represented 'value-for-money' because of the high-level advice and capacity building activities it provided and the strong work ethic of SGP advisers. The high costs are due in part to the seniority of some SGP positions. They also reflect the costs of providing safe and secure work and home environments for Australian public servants operating in Port Moresby and other locations. In addition, SGP has high administrative overheads for home agencies and AusAID – agencies are responsible for managing their own advisers, some have relatively few staff overseas so per head costs are high, and they require ongoing support from AusAID because their human resource systems are not well-g geared to deploying staff overseas.

49. Another element in the high cost of SGP is that some Australian agencies offered additional benefits in order to attract suitable candidates to work in PNG. In November 2011, the Australian government decided to standardise the terms and conditions of Australian government officials deployed as advisers under the aid program. This standardisation will lead to reductions in the salary packages offered to SGP officials. Therefore the difference in cost between SGP advisers and contractors would be expected to fall in future.

50. Several Australian agencies advised that reduced benefits would add to the difficulty of attracting suitable candidates to fill SGP positions. At the same time, with increasing demands on the Australian public service, some government departments are re-assessing the cost to them of releasing high-performing officers to work in PNG. Australian agencies are committed to contributing to whole-of-government initiatives but, for some, the length of time (8 years) they have been providing long-term advisers in PNG is leading to a reassessment of alternative ways of contributing to capacity building in PNG.

51. The above factors -- fewer SGP advisers overall, reduced benefits and pressures on government departments -- reinforce our earlier recommendation

that a future phase of SGP should offer scope to mix long-term advisers with other ways of supporting capacity development in PNG institutions.

Value of SGP to the broader Australia-PNG bilateral relationship

52. The Management Framework describes SGP as an opportunity to broaden and reinforce relations and collaboration between the two governments on issues of mutual interest. It identifies strengthened collaboration between PNG and Australia as one of the outcome areas. One of the findings of this Review is that SGP has assisted to establish and reinforce relations between agencies in Australia and PNG. It has increased the number of Australian officials who have experienced the challenges of government and development in PNG (129 individuals have been deployed to PNG under ECP and SGP) and raised PNG officials' awareness of Australian policies and public sector practices.

53. Foreign Affairs departments in both countries assessed that the bilateral relationship was better now than some years ago, partly as a result of the networks of institutions and individuals that SGP has supported. They also noted that by contributing to institutional capacity in PNG, SGP has facilitated collaboration in areas such as border patrols and transport security and safety. However, neither Foreign Affairs department systematically monitors this SGP outcome. We recommend that if governments wish to include strengthened collaboration as an outcome for a future phase of SGP, Foreign Affairs departments should identify the performance indicators to be monitored.

FUTURE PROGRAMMING OPTIONS FOR SGP

54. SGP and its predecessor ECP have provided technical assistance from senior Australian government officials to key economic, law and justice, transport and border management agencies in PNG for 8 years. SGP is valued highly by PNG agencies and effective overall.

55. However, before governments commit to a future phase of SGP support, they should request a detailed assessment of what has been achieved and what more needs to be done to raise capacity in key agencies. Some of those consulted thought that SGP had lost its strategic direction and that governments' priorities for SGP were unclear. ECP responded to a crisis in PNG but the context now is different -- SGP requires a strategic purpose for the new situation.

56. Some PNG agencies, mainly those with operational or service delivery mandates, have started to consider a scaling-down of SGP long-term advisory assistance as their own capacity improves (see paragraph 25 above). Some Australian agencies are also considering a future with fewer long-term advisers partly because of difficulties in resourcing SGP but also because they believe a mix of capacity building support may be more effective.

57. We recommend that Australia and PNG work together to formulate appropriate strategic directions for a potential future SGP program. One possible approach would be to establish some agreed benchmarks for

government performance that would provide an acceptable standard, the improvements needed for PNG to reach this standard, responsibility for contributing to required improvements (PNG government, SGP, AusAID sector program and other donors) and a timetable for progress. This exercise is likely to be less onerous than it might appear: substantial work has already been done by PNG agencies on capacity diagnostics, strategic plans and corporate plans aligned to the Medium-Term Development Plan, and useful international benchmarking is available, for example, from the Public Expenditure and Financial Accountability (PEFA) framework, World Customs Organisation, International Civil Aviation Authority and International Organisation for Migration.

58. Such a systematic approach would provide a framework to shape a future program of SGP support that is well targeted and has stronger direction and performance yardsticks. It would also help to clarify PNG government responsibilities and complementary and alternative development assistance options (SGP and other aid program modalities, and long-term advisers and other capacity building mechanisms). In setting strategic directions for SGP, we recommend that governments also raise their sights above individual agencies – as a whole-of-government program SGP has potential to support coordination and collaboration across government and strengthen the machinery of government. At present, this strength of SGP is not being fully exploited.

59. Australian agencies and advisers place a high priority on maintaining SGP as a coherent Australian whole-of-government program to which they contribute. The coordinated management of adviser wellbeing, safety and security is also very important to SGP advisers and departments. PNG agencies appreciate the consistency of management arrangements across SGP and the direct channels of communication it provides with agencies in Australia. The Review team therefore recommends that a future phase of government-to-government support continue to be managed as one program within Australia's overall development cooperation with PNG.

EVALUATION CRITERIA RATINGS

Evaluation Criteria	Rating (1-6)	Explanation
Relevance	5	SGP provides advice and capacity building assistance to meet the priorities of PNG agencies. SGP has assisted agencies to respond to the high priority policy, budget and financial management and service delivery requirements of an economy with rapidly growing private investment, new institutional arrangements for customs, immigration and aviation safety, and demanding international security standards for freight and people movements and financial transactions. In Law and Justice and Transport Infrastructure, SGP supports priorities under the Partnership for Development. We recommend SGP explore the potential to provide more support, within current adviser numbers, for Partnership priorities and for

		coordination across the PNG government.
Effectiveness	4	All PNG agencies identified important areas of improved performance as a result of SGP support but agency-wide performance improvement is harder to establish. SGP effectiveness in building capacity also varies – some agencies have corporate strategies in place, management is committed, and capacity building is monitored including through training and competency testing. Where agency leadership is not as effective and performance management not well established SGP (and counterpart) efforts to build capacity are less effective. We recommend that: PNG agencies update their capacity development strategies including SGP's contributions and put in place monitoring arrangements, all SGP reports include contributions and progress on capacity development, and SGP disseminate guidelines on the roles of advisers and responsibilities of host agencies.
Impact		The potential development impact of SGP is high but it will be negatively affected by inconsistent political support for reform and broader political and governance constraints.
Efficiency	3	SGP is a high-cost program in terms of adviser salaries and benefits and administrative overheads (Australia's decision to standardise benefits for aid advisers will reduce average costs). The costs are justifiable so long as SGP effectively addresses PNG priorities. However, the management and coordination of SGP is not efficient. We recommend streamlining joint management processes and coordinating them with existing bilateral mechanisms, and making meetings more targeted and productive by changing the focus from administrative to strategic development and effectiveness issues. We also propose mechanisms be put in place to coordinate SGP with other aid program activities in line with the Management Framework.
Sustainability	4	SGP has features that reinforce its sustainability -- advisers work within PNG agency structures, their work programs contribute to corporate outcomes, and they facilitate institutional linkages (twinning, special projects, joint activities, study tours and training) between PNG and Australian agencies with similar mandates. Sustainability will be reduced to the extent that agency leadership and management systems do not support change, and it will be undermined by inconsistent political support.
Gender Equality	4	Opportunities for SGP advisers to address gender equality vary. In law and justice, SGP public prosecutors assist with prosecution of family and sexual violence, support for victims, and liaison with police and health authorities. In some agencies SGP advisers have been able to assist female managers to develop management techniques to gain the respect of male staff who have been unwilling to recognise female authority. Advisers noted that female staff were entrusted more often than men to do important or urgent tasks. However in some agencies it was evident that promotion was not merit-based because these women were

		passed over for promotion while in others women were well represented in management. Most SGP advisers welcome opportunities to promote gender equality but are unlikely to be pro-active. This Review recommends that AusAID take a more active role by encouraging gender expertise in EPSP and other sector programs to offer support to SGP advisers, promoting the participation of advisers in the EPSP Wokabaut Wantaim Power Relations module, and requiring advisers to include appropriate gender equality components in their work plans and performance reports.
Monitoring & Evaluation	4	The monitoring and evaluation framework for SGP provides a sound basis for assessment of progress and identification of problems and constraints, although the rigour of qualitative assessments needs to be improved and supported by objective measures. Unfortunately, in practice the framework has not delivered its expected benefits. The M&E adviser's regular monitoring reports document progress in terms of outputs and raise issues for governments but they are not discussed in the Joint Steering Committee; and adviser and team leader six-monthly progress reports often provide analysis of capacity building and policy issues but little feedback is provided and there is no evidence that they inform other bilateral discussions. The purpose of the M&E framework appears to have been diverted from being a tool to manage effectiveness to being a source of information for the annual reports of government agencies. We recommend changes to management arrangements for SGP to increase their focus on program effectiveness and enhance the value of the M&E framework.
Analysis & Learning	3	The SGP Management Framework incorporates the key recommendations of the ECP review. Some elements are working well, for example joint recruitment and management of advisers, while others such as governance and coordination are not. The M&E framework is sound and reporting is generally satisfactory. However, as per M&E above, mechanisms for continuous improvement by integrating lessons from ongoing monitoring are particularly weak. SGP's contribution to increasing Australia's understanding of PNG development challenges also appears to be under-utilised. We recommend changes to the management of SGP and coordination with AusAID to enhance Australian government analysis of PNG development challenges and aid effectiveness.

Rating scale:

Satisfactory		Less than satisfactory	
6	Very high quality	3	Less than adequate quality
5	Good quality	2	Poor quality
4	Adequate quality	1	Very poor quality

CONCLUSION

LESSONS LEARNED AND SUMMARY OF RECOMMENDATIONS

Is SGP assisting Australia to achieve its aid objectives in PNG?

60. This review has found that SGP is assisting Australia to meet its high-level objectives and commitments under the PNG-Australian Partnership for Development. With its focus on economic policy and financial management, border management, transport infrastructure and law and justice, SGP supports PNG to build effective national institutions and public sector workforce capacities that are fundamental underpinnings for national development. Most recently, SGP has assisted PNG to develop the policy and administrative capacities needed to manage rapidly expanding private investment that has the potential to transform PNG's economic and broader development future.

61. SGP also contributes to the Partnership for Development's sectoral objectives and targets as set out in the Schedules, indirectly through supporting the fundamental requirements for improving services (stable macro-economic environment, capable officials, appropriate allocation of funds to service delivery priorities), and directly through the work of advisers in the law and justice and transport infrastructure sectors. Recommendations for strengthening SGP's contribution to the Partnership are set out below.

62. Interviews with heads of PNG agencies, other counterparts, advisers, team leaders and other officials in Port Moresby and Canberra confirmed that SGP is effective as well as relevant to Australia's aid objectives. All noted progress in key areas with SGP assistance and cited work units and capacities that have improved substantially as a result of SGP assistance. However, more needs to be done to improve the effectiveness and sustainability of SGP capacity development efforts -- see recommendations below.

63. The Management Framework for SGP introduced significant changes to the governance and management of SGP and its coordination with the broader aid program. Unfortunately, several of these have not worked out as envisaged. Considering the seniority and experience of SGP advisers and head-of-agency engagement in adviser management, SGP governance forums place too much emphasis on administrative matters and too little on strategic direction and effectiveness. We make a number of recommendations below to improve the efficiency and effectiveness of SGP governance and coordination.

Recommendations to improve SGP delivery

- 1) ***To strengthen SGP relevance to joint development priorities***, we recommend that: SGP continue support for economic and financial management and border management because they provide the structural underpinnings for economic and social development; SGP continue to support law and justice and transport infrastructure in close

coordination with AusAID; SGP advisers in areas of Treasury, Finance and Auditor-General's Office with responsibility for the allocation and effective expenditure of government budgets increase their focus on sectoral and sub-national budget and financial management; and SGP assistance be offered to PM&NEC and DNPM to strengthen government coordination and the management of the development budget, by reassigning SGP positions from areas of lower priority or those where adviser numbers are expected to fall.

- 2) ***To improve performance reporting for SGP***, we recommend that, where evidence of SGP effectiveness is qualitative and anecdotal, the SGP monitoring and evaluation expert assist with improving the rigour of qualitative assessments and identifying objective performance data that would reinforce qualitative judgements.
- 3) ***To improve SGP effectiveness overall***, we recommend improvements to SGP management and governance that would, *inter alia*, focus governments' attention on SGP performance and the challenges and constraints to effectiveness (see below). ***To improve SGP effectiveness in capacity building***, we recommend that: SGP develop guidelines on appropriate roles for advisers and responsibilities of host agencies and disseminate them widely in PNG agencies; SGP agencies be required to have updated capacity development strategies and monitoring arrangements in place by mid-2012; SGP monitoring reports include progress against capacity development strategies. If SGP is not fully integrated into existing capacity development strategies, this needs to happen by mid-2012, with AusAID support.
- 4) ***To support a stronger SGP contribution to gender equality***, we recommend that AusAID take a more active role by encouraging gender advisers in EPSP and other sector programs to offer support to SGP advisers, promoting participation in EPSP Wokabaut Wantaim Power Relations module, and requiring advisers to include appropriate gender components in work plans and performance reports.
- 5) ***To strengthen joint management of SGP at agency-level***, we recommend that: joint selection be required for all advisers, and where Australian agencies are able to nominate only one candidate an appointment should not be confirmed until the nominee has met with PNG agency executives. If an appointment is not jointly agreed, the position should remain unfilled.
- 6) ***To improve joint governance of SGP*** we recommend the following changes: the Joint SGP Steering Committee should revert to meeting once annually to consider Monitoring Reports from the SGP Secretariat and prepare a report on SGP performance and future programming for the annual Australia-PNG Partnership Dialogue and the SOM; governments need to agree which of these is the prime decision-making body for SGP direction and resources; decisions on adviser appointments should be delegated to heads of agencies working within the jointly agreed resource framework.
- 7) ***To improve and streamline PNG Government coordination and management of SGP*** we recommend that this be subsumed into existing national mechanisms for the Australia-PNG Partnership Dialogue and the

SOM, coordinated by DNPM and Department of Foreign Affairs respectively.

- 8) ***To improve Australia Government management of SGP*** we recommend that officials develop revised governance arrangements. These could include an annual meeting convened by DFAT Canberra to review SGP progress and plans ahead of the Partnership Dialogue and SOM, and periodic whole-of-government meetings in Canberra and Port Moresby to consider specific development policy or effectiveness issues (this would also help to bring SGP advisers' understanding of PNG into the broader aid program). The frequency of Port Moresby team leader meetings at the High Commission should be reviewed. AusAID should convene three-monthly meetings of departmental SGP coordinators to share experience.
- 9) ***To improve coordination between SGP and the broader aid program*** we recommend that AusAID sector program directors and SGP team leaders meet as soon as possible to put in place measures to improve whole-of-aid coordination (border management would be coordinated through EPSP).

Recommendations for future programming options

- 10) ***Before committing to a future phase of SGP, we recommend that*** governments: request a detailed assessment of SGP achievements in key agencies and what more needs to be done to raise their capacity; clarify the agency-level objectives for SGP by agreeing on benchmarks for an acceptable standard of performance; agree on the improvements needed to reach these standards, a timetable for achieving them, and responsibility for actions to achieve improvements (PNG government, SGP, AusAID sector programs, other donors).
- 11) ***In setting the directions for a future SGP***, we recommend that: governments take into account SGP's potential to strengthen the machinery of government and government coordination; if 'strengthened collaboration between PNG and Australia' is to continue as an outcome, Foreign Affairs departments take responsibility for monitoring appropriate performance indicators.
- 12) ***In considering the components for a future SGP*** we recommend that governments take a comprehensive approach to institutional partnerships by extending the scope of SGP beyond long-term advisers to include all aid-funded capacity building activities. Partner institutions could negotiate a package of assistance that best addresses their priority needs from a menu that includes long-term advisers as well as twinning, special projects, internships, professional training programs and study tours.
- 13) ***In considering administrative arrangements*** we recommend that SGP continue as one program of government-to-government support with common approaches and shared resources for management, administration, and support services.