



Australian Government
Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2016-17

Papua New Guinea

September 2017



KEY MESSAGES

Papua New Guinea, positioned as the gateway between Asia and the Pacific, has immense economic potential driven by its significant natural resource endowment. This brings opportunities for economic growth, but also economic, social and political challenges driven by issues such as population growth, urbanisation, and ageing infrastructure. Australia's relationship with Papua New Guinea is maturing, reflecting this transition, by our closest neighbour, to an integrated Asia Pacific developing economy.

This Aid Program Performance Report summarises the performance of Australia's aid program in Papua New Guinea from July 2016 to June 2017 against the *Papua New Guinea Aid Investment Plan 2015-16 to 2017-18*. A Performance Assessment Framework (PAF) for Australia's development assistance to Papua New Guinea (Annex E) sets indicators of progress across the three outcome areas: promoting effective governance, enabling economic growth and enhancing human development.

In 2016-17, Australia's performance against the enabling economic growth outcome area was on track, with the completion of critical infrastructure and improved access to markets. The promoting effective governance and enhancing human development outcome areas made steady progress but did not meet some expectations due to challenges that included the slow roll out of new programs and monitoring of outcomes. Significant achievements were made in each of the three outcome areas as well as in the crosscutting objectives of gender, Bougainville, and climate change and disaster resilience.


In partnership with Papua New Guinea, Australia is helping to create a motivated and capable Papua New Guinea public service. In total, Australia's development assistance contributed to the training of 14,990 public servants – including police, teachers and health workers – who were engaged in positions where they could practice new knowledge and skills. Through the Pacific Leadership and Governance Precinct (the Precinct) alone, Australia supported training and capacity-building activities to 894 public servants. Since its inception in 2015, the Precinct has helped train over 1,950 public servants in Papua New Guinea.

Australia provided better access to markets and essential services by completing the reconstruction of six major bridges along the Kokoda and Northern Highways in Oro Province. These bridges have transformed the region's growth prospects by reducing travel times, enabling safer crossings and reconnecting businesses and 97,000 people. Across Papua New Guinea, the PAF indicates that Australia contributed to 324,459 women and men having better access to markets in 2016-17.

Papua New Guinea's business-enabling environment improved in 2016-17. Its 'ease of doing business' rank in the World Bank's *Doing Business 2017* report improved from 145 out of 189 countries in 2016 to 119 out of 190 countries in 2017, placing it in the middle of similar economies in the Pacific. Papua New Guinea reduced the time required to start a business by streamlining business registration and it was among nine economies to implement reforms to strengthen access to credit. Australia supported the business-enabling environment through multilateral partners including the Asian Development Bank (ADB) and the International Finance Corporation (IFC).

Through supporting Papua New Guinea's coordinated response to tuberculosis, patient outcomes for multi-drug resistant tuberculosis (MDRTB) improved significantly in the focus areas of Western Province and National Capital District. The proportion of patients completing TB treatment in Daru, Western Province, increased from 67 per cent in 2013 to more than 99 per cent in 2016. Australia continued to work with the Papua New Guinea Government and other development partners, including the World Bank, to bring additional resources and expertise to the response. The Papua New Guinea Government has agreed to a loan of USD15 million to address MDRTB in the three most affected provinces. This was brokered by Australia, which will match this funding.

Through Australia Awards scholarships, Australia assisted Papua New Guinea to address its critical shortage of qualified health workers. The scholarships assisted 122 midwives, 146 Community Health Workers and 126 nurses to graduate from Papua New Guinea institutions in 2016-17. Australia provided training to 1,500 midwives, nurses and community health workers between 2012 and 2017—exceeding the target of 1,400.



We refurbished eight health training institutions, significantly contributing to Papua New Guinea's efforts to help ensure health workforce numbers do not fall below current levels.

Australia contributed to women's economic empowerment by training more than 33,000 women in financial literacy or business development skills and increasing their access to financial services, through programs including the Microfinance Expansion Project. A Safe Public Transport initiative provided 62,000 safe trips for women and girls in Port Moresby to schools, services and jobs. Australia assisted Papua New Guinea to address gender-based violence by supporting more than 2,000 women and girls to access crisis support services and reaching 239,000 men and women in community awareness and outreach activities that challenged social gender norms and violence.

Recognising the importance of youth to Bougainville's peace, stability and economic development, Australia continued to implement the \$4.5 million Bougainville Youth Initiative. This support was implemented through our delivery partners: the Adventist Development and Relief Agency; Caritas; Credit Union Foundation Australia; Plan International; and World Vision Australia. Nearly 9,000 youth have benefited from financial and entrepreneurship training, agricultural opportunities and leadership training including a mock parliament and youth congress. We provided on-the-job training through career-readiness programs, which, for some, led to permanent jobs.

Australia's collaboration with UNDP helped build the capacity of Papua New Guinea's Climate Change Development Authority (CCDA). The CCDA was formally established in 2016. It is responsible for administering the *Climate Change (Management) Act 2015*, implementing climate change-related policy, strategies and plans, managing climate change information, and coordinating Papua New Guinea's climate change action. Establishment of the CCDA was an important step for Papua New Guinea to gain access to international climate finance, particularly through the Green Climate Fund (GCF).

CONTEXT

Australia has an enduring partnership with Papua New Guinea. With less than four kilometres separating the two countries, Papua New Guinea will always be of critical strategic importance to Australia. Our relationship is broad and growing, characterised by strong trade and investment ties, growing cooperation on security matters and expanding people-to-people links. Our mutual interests lie in supporting Papua New Guinea, as an emerging economy, to take full advantage of its economic and human potential. Australia implements an integrated set of foreign, trade, security and development policies to support Papua New Guinea's development, in line with Australia's national interest.

Development assistance alone cannot meet Papua New Guinea's development financing needs. Australia's development program is being reshaped to better support and align with Papua New Guinea and Australia's contemporary economic and strategic relationship. The focus areas of this transition include helping to improve governance systems, training and supporting future leaders; trialling innovative solutions; building and supporting institutional partnerships; assisting Papua New Guinea to attract and leverage better quality international financing; and increasing cooperation in areas that will help to grow the economy.

With growing links to Asia and a positive mid-to-long term economic outlook, Papua New Guinea's strategic and economic interests – and its partnerships in the region – are growing. Papua New Guinea is demonstrating increasing leadership in the region including through hosting the APEC leaders' summit in 2018. A strong relationship with a stable and prosperous Papua New Guinea is now, more than ever, squarely in Australia's interest. Our development cooperation must keep pace with this changing context.

As a resource dependent economy, Papua New Guinea is however facing a challenging economic outlook over the short to midterm. Economic growth (Gross Domestic Product) fell from an average of seven per cent for the five years to 2016, to a projected two per cent for 2017. It faces significant fiscal challenges with declining international commodity prices and increasing public debt levels. Official debt levels have tripled since 2011, and Papua New Guinea's official debt-to-GDP ratio is currently 32.6 per cent. While Papua New Guinea's mid to long-term economic outlook is positive, taking account of its natural resource wealth and

growing links to Asia, it continues to face significant development challenges. Over three million people - 40 per cent of its population - remain poor. Papua New Guinea's challenges include: fragile institutions; a weak public service, ageing infrastructure; poor health and education services; a rapidly growing population; and vulnerability to natural disasters. Gender inequality is a major social, political and economic issue in Papua New Guinea, where violence against women is unacceptably high, women's access to economic development opportunities is much less than men's and women are often excluded from leadership roles.

Approximately 80 per cent of the population of 7.5 million live in rural and remote coastal communities. These communities' dependence on subsistence farming, fishing and small-scale cash crops exacerbates their vulnerability to climate-related threats such as cyclones, droughts, floods and landslides, as well as to non-climate related disasters such as earthquakes, tsunamis and volcanic eruptions. Papua New Guinea's economic and social infrastructure is also highly exposed to these hazards. Climate change is exacerbating the intensity of some natural hazards that affect Papua New Guinea, including drought and other extreme weather related events.

Australia is the largest donor to Papua New Guinea. Our development assistance is valued at nearly 70 per cent of Papua New Guinea's total Official Development Assistance (ODA), which equates to around eight per cent of Papua New Guinea's national budget. Australian aid to Papua New Guinea in 2016-17 (forecast) was \$547.1 million, with \$478.7 million delivered bilaterally. The Asian Development Bank (nine per cent of total ODA) and World Bank (four per cent) are the next largest donors.

Our development assistance is guided by the *Aid Investment Plan Papua New Guinea 2015-16 to 2017-18*, which outlines the three strategic priorities of promoting effective governance, enabling economic growth and enhancing human development. To achieve this we invest in health, education, governance, law and justice, and social and economic infrastructure. Gender equality and climate change cut across all sectors. Our investments align with Papua New Guinea's existing frameworks and strategies including *Papua New Guinea Vision 2050*. Our joint priorities are discussed and agreed with Papua New Guinea, most recently in the *Papua New Guinea-Australia Aid Partnership Arrangement 2016-2017* (Aid Partnership).

EXPENDITURE

Table 1 Total ODA Expenditure in FY 2016-17

Objective	\$ million	% of total ODA
Promoting Effective Governance	113.2	20.7
Enabling Economic Growth	159.6	29.2
Enhancing Human Development	161.2	29.6
Other	44.7	8
Sub-Total Bilateral	478.7	87.5
Regional and Global	33.9	6.1
Other Government Departments	34.5	6.4
Total ODA Expenditure	547.1	100

PROGRESS TOWARDS AID INVESTMENT PLAN OBJECTIVES

This APPR describes the performance of Australia’s aid program against the strategic objectives set out in the *Aid Investment Plan Papua New Guinea 2015-16 to 2017-18*. These objectives align with the priority outcomes agreed by the two countries in the Aid Partnership. This report draws on a range of internal and external reporting, including Aid Quality Checks and partner performance reports.

Table 2 Rating of the Program's Progress towards Australia’s Aid Objectives

Objective	Previous Rating	Current Rating
1. Promoting Effective Governance	Amber	Amber
2. Enabling Economic Growth	Green	Green
3. Enhancing Human Development	Amber	Amber

Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

OBJECTIVE 1: PROMOTING EFFECTIVE GOVERNANCE



*This objective includes investments in governance and law and justice. **This objective is rated amber for 2016-17** because of delays developing some Governance programs under the new Papua New Guinea Governance Facility (PGF). As a result, progress in areas including support for decentralisation and mainstreaming gender equality was less than expected¹. During 2016-17, the law and justice program achieved most of its expected outputs, notwithstanding delays to the commencement of new activities until the Papua New Guinea Government endorsed the program in November 2016. Progress reflected the Aid Investment Plan strategy.*

Australia’s governance support contributes to the Papua New Guinea Government’s Vision 2050 goal of reaching upper middle-income status by 2050. The World Bank’s Worldwide Governance Indicators show only small changes in perceptions of government effectiveness, rule of law and control of corruption between 2005 and 2015. The Government of Papua New Guinea and Australia are focusing on economic governance and growth (see ‘Enabling economic growth, page 11), public sector leadership and improved decentralisation and citizen participation. Transition characterised 2016-17, with a number of previous programs ending and a period of intensive engagement with the Government of Papua New Guinea to affirm strategic priorities for future support under the PGF (up to \$360 million; 2016-20).

Australia’s law and justice sector investment is delivered through the Justice Services and Stability for Development program (up to \$90 million; 2016-19) and support provided by the Attorney General’s

¹ Aid Quality Check for Papua New Guinea Governance Facility



Department and Commonwealth Ombudsman. The Australian Federal Police (AFP) also provides training and capacity building. The program supports Papua New Guinea's law and justice sector in working towards its Mid-Term Development Plan 2 goal of 'providing a safe, secure and just society for all'.

Governance

Public sector leadership

The Pacific Leadership and Governance Precinct (the Precinct) is a flagship leadership initiative of the Papua New Guinea and Australian governments, building a new generation of leaders for the Papua New Guinea public sector. The expected outcome is an increasing number of capable and motivated men and women graduating from the Precinct and becoming agents of change in the public service.

In its second year of implementation, the Precinct achieved expected outputs in training public servants and progressing key infrastructure. The Precinct provided opportunities to over 894 public servants in 2016-17. This includes 339 participants in eight short courses of which 48 percent were women; 60 public servants graduated with Australian-accredited certifications, including 42 from the Papua New Guinea Institute of Public Administration-Australian Public Service Commission partnership; 80 participants enrolled in both the Precinct Future Leaders Program and the Bougainville Senior Leaders Training; and 415 participants attended eight events and panel discussions. Eighty per cent of the Future Leaders Program students were from outside of Port Moresby and 50 per cent were women. As indicated by the Performance Assessment Framework, 466 public servants graduated from courses delivered by the Precinct in 2016-17. Since its inception in 2015, the Precinct has trained and provided capacity-building activities to over 1,950 public servants in Papua New Guinea. In the coming year, tracer studies will assess the impact of training on individuals and organisational reform.

The Church Partnership Program helped broker peace between warring tribes in Onamuga, Eastern Highlands Province, which signed a pact on 27 October 2016 ending eleven years of hostilities. Support included addressing deteriorating infrastructure and a generator to provide electricity to the health centre and its staff.

During 2016-17, 57 University of Papua New Guinea (UPNG) School of Business and Public Policy students graduated having been taught by six seconded Australian National University (ANU) academics. In 2016-17, these ANU academics taught 260 students. Student strikes in 2016 closed the university for a semester, but ANU staff with UPNG colleagues made up for lost time through reprioritising workloads. Construction of facilities, essential for a conducive learning environment, at the UPNG School of Business and Public Policy and the Papua New Guinea Institute of Public Administration, were on track to be completed by the end of 2018.

The Precinct engaged with the private sector including by collaborating with Papua New Guinea's Extractives Industries Transparency Initiative (EITI) Secretariat in hosting its second Leadership in the Extractives Industry course. The 44 private and public sector attendees rated this course highly, and discussed legislative changes and improved multi-stakeholder coordination to facilitate transparency in the sector².

Going forward, Precinct training will expand to select regional centres, augmented by coaching-mentoring and exploration of options to empower Precinct alumni to address specific reform challenges.

Across the aid program, Australia supported the training of a broad range of public servants who were in positions where they could practice new knowledge and skills. As indicated by the Performance Assessment Framework, Australia supported the training of 14,990 public servants – including nurses, police and teachers – in 2016-17.

² Papua New Guinea Governance Facility Six Monthly Implementation Report January-June 2017



Improved decentralisation and citizen participation

Australia is working with the Government of Papua New Guinea to refocus existing and develop new programming to support the next iteration of its decentralisation reform agenda. Our support, in the medium-term, will contribute to national policies and systems to support subnational service delivery. District-level outcomes include political and administrative authorities that are better equipped to respond to citizens. This will be achieved through the demonstration effects of improved service delivery and infrastructure investments in six priority districts, and increasing participation and influence of citizens in public expenditure prioritisation and implementation.

The development of new programming to support decentralisation and citizen engagement was delayed (see Performance of Key Delivery Partners) and did not meet expectations. However, notable achievements included critical technical assistance to the Department of Provincial and Local Government Affairs (DPLGA) to develop a decentralisation practice start-up toolkit to help define service delivery functions of the three levels of government in implementing the 2014 District Development Authority Act. At the district level Australia supported advisers in six districts to help build the skills, capacity and resources of district authorities and to better connect sub-national and central government. Activities did not progress as far as expected because of the national election, recruitment issues and consensus building with DPLGA. This delayed the deployment of several key advisers. These issues should not affect performance going forward.


Citizen participation initiatives including the Church Partnership Program (CPP), youth programs and community development activities, delivered expected outputs. Design of the next phase of the CPP was finalised while ongoing support was effective, as exemplified by helping to bring peace to warring tribes in the Eastern Highlands (see separate box). More than 3,100 young people (54 per cent female) graduated from courses provided by the Papua New Guinea development NGO the Ginigoada Bisnis Development Foundation with Australia's support.

The Media for Development Initiative broadened its reach beyond the Papua New Guinea National Broadcasting Commission to support the establishment of the Papua New Guinea National Press Club and delivery of three Club programs. Separately, the City Mission Papua New Guinea exceeded its 2016-17 target and trained 886 vulnerable youth in its intensive life skills program in Port Moresby and Lae. The City Mission is now expanding the program to Madang.

The Performance Assessment Framework measured Australia's assistance, across the aid program, for assisting women, men and children to access improved services provided by civil society, private sector and sub-national governments. In 2016-17, 254,345 women, men and children accessed improved services with Australia's assistance.

Australia provided significant assistance (approximately \$8 million in 2016-17 plus Australian Defence Force (ADF) support) to support the delivery of the Papua New Guinea national election. Australia assisted the Papua New Guinea Electoral Commission (PNGEC) to: strengthen strategic and operational planning; review and update training manuals; train approximately 30,000 temporary workers; deliver logistics planning and warehouse management support; provide public awareness programs and ICT systems; and improve financial management and communications. Technical assistance was delivered through the Australian Electoral Commission, the Australian Civilian Corps and the International Foundation for Electoral Systems. The ADF provided practical support for the election including helicopters and planes to help transport election materials and Papua New Guinea election and security personnel. Given the low numbers of elected women representatives in PNG, and the particular challenges facing female candidates in terms of access to resources and support, Australia trained 127 potential women candidates in advance of the election (see page 21).

In communities along and near the Kokoda Track, Australia built two new double classrooms and refurbished two others. Australia built a health resource centre and four teachers' houses; maintained three health clinics and eight aid posts; and set up 15 water tanks, two ablution blocks and 20 toilets. Australia also supported maternal and child health patrols to 91 communities in the region, which administered 2,435 child



immunisations and 222 antenatal checks. During outreach patrols, we supported the treatment of 5,574 general outpatients, including for family planning support and HIV and tuberculosis (TB) treatment. We delivered 260 HIV tests (of which all were negative) and 362 sputum tests for suspected TB cases (of which only two were positive and have received treatment). This assistance was an essential element of Australia's approach to keeping the Kokoda Track open and ensuring local communities benefit.

Crosscutting issues

Internal reporting³ indicated insufficient progress in ensuring governance programs effectively addressed gender issues (please see Performance of Key Delivery Partners on page 27). This limited the scaling up of support to embed gender equality within Papua New Guinea Government agencies⁴. Australia supported the Papua New Guinea Government to implement its gender equality policy through activities including a district-level implementation workshop and support for coordination of gender equality practitioners in the public service. Through the PGF, Australia supported two innovative business incubation programs, one with a strong gender focus. The women's business accelerator competition, the first WECREATE challenge, attracted 115 entrants and the Kumul GameChangers received 226 applications. Through a multi-stage process, the programs assisted entrants to strengthen and refine their business ideas and models. Through the PGF, Australia consulted with the Papua New Guinea Government on disability inclusive programming, with a focus on finding ways to support women with disabilities in leadership training and advocacy.

Governance expenditure related to climate change is estimated at \$4.1 million in 2016-17. This includes \$1.5 million to the UNDP to help build the capacity of Papua New Guinea's Climate Change Development Authority (CCDA), and \$300,000 to strengthen the disaster risk management capacity of the Papua New Guinea National Disaster Centre. It also includes \$2.3 million of estimated climate change expenditure through the Church Partnerships Program, which implemented drought response measures focussed on disaster risk reduction and capacity building in Highland communities.

Management actions

2016-17 was a transition year both strategically and operationally for promoting effective governance. Challenges included setting strategic sub objectives, realigning existing programs and developing new programs. Addressing these challenges will be important to the success of governance programming in the year ahead. Effective governance is a critical factor to realise fully the economic, security, people to people and institutional benefits of a maturing Australia-Papua New Guinea relationship. Australia will engage with the incoming Papua New Guinea Government to confirm the strategic priorities driving Australia's support for public sector leadership and decentralisation and citizen participation. Australia is working closely with the PGF managing contractor to improve program delivery (including ensuring a greater focus on bringing forward the development of new governance programs). Australia will focus on achieving greater integration of gender and inclusion principles and analysis in program activities. The Australian High Commission Port Moresby will take steps to ensure strong oversight will continue of the gender dimensions of governance programs, in light of an upcoming reduction in staffing of its gender team. Oversight of the PGF will be significantly strengthened in the coming year with the contracting of a specialist monitoring and evaluation Quality Technical Assurance Group independent of the PGF managing contractor. An independent evaluation of Australia's electoral assistance will be conducted in early 2018, with a particular focus on identifying options to augment the participation of women in all facets of the electoral process.

³ Aid Quality Check for Papua New Guinea Governance Facility

⁴ Gender Action Plan Report Papua New Guinea 2016-17



Law and Justice

Australia's investment in Papua New Guinea's law and justice sector is delivered through the *Justice Services and Stability for Development Program* and support provided by the Attorney General's Department and Commonwealth Ombudsman. The Australian Federal Police (AFP) also provides training and capacity building.

The Program's long-term objectives are to create safer and more secure communities in target Papua New Guinea provinces, and more accountable, legitimate and responsive law and justice agencies. The Program has four key outcome areas: improving community safety; strengthening legal services; addressing family and sexual violence; and confronting corruption in six target provinces and the Autonomous Region of Bougainville.

During 2016-17, the program achieved most of its expected outputs, notwithstanding delays to the commencement of new activities until the Papua New Guinea Government endorsed the program in November 2016. Between the program's nominal start date of January 2016 and November 2016, only urgent activities agreed by the Papua New Guinea Government and ongoing activities from the previous program were implemented.

Australia is supporting the Royal Papua New Guinea Constabulary's Family and Sexual Violence Units (FSVUs) to provide services to survivors of family and sexual violence. Australian assistance recently established Papua New Guinea's 17th FSVU, in Kerema, Gulf Province. In 2016, the FSVUs assisted in 13,381 cases.

Improving community safety

Support for community safety in the reporting period was focused on improving the effectiveness, legitimacy, national consistency and availability of local-level dispute resolution and mediation in Village Courts. Village Courts provide services to more than one million Papua New Guineans⁵ Overall, the Program aim to increase the number of Village Court Officials trained is on track with training completed by May 2017 for 564 (38 per cent) of the December 2017 target 1,487 officials.

We supported the Village Courts and Land Mediation Secretariat to implement recommendations from the Australian funded 2015 evaluation of Village Court Officials Training. A detailed information systems review and gap analysis was undertaken, which identified measures to improve the Secretariat's information management system. We will provide a software developer to implement the recommendations in 2017-18.

Strengthening legal services


The program delivered capacity building training to more than 2,250 participants from Papua New Guinea's law and justice agencies. Of this, 627 justice officials (36 per cent women) received training in leadership, technical and professional skills to enhance legal services. We are on track to achieve the program's target of training 4,379 people by December 2017. Information about legal rights, personal and community safety was delivered to an estimated 11,600 people at 26 community-based awareness sessions in priority provinces.

Addressing family and sexual violence

Approximately \$16 million (15 per cent) of the program's total budget is allocated to addressing Family and Sexual Violence (FSV). Our technical assistance provided training and mentoring to the FSV National Coordinator and staff, and strengthened referral pathways to enable better access to services and protection for survivors of FSV. The assistance built linkages between the health sector and the formal justice system and supported the delivery by the Office of the Public Prosecutor of services and training for Victim Liaison Officers.

The program supported the development of the Family Protection Act's Practice Directions and training for magistrates to ensure the Act and its regulations (gazetted in 2017) are implemented consistently. We provided funding and advisory support to the Papua New Guinea Department of Justice and Attorney

⁵ ISS4D estimate based on a formula utilising Census 2011 population, population growth rate, number of VCOs and number of trained VCOs.



General to develop Provincial Sorcery Action Plans and raise awareness of the legal implications of sorcery-related violence. Our support brought together civil society, NGOs, churches, community groups and provincial administrations to develop a clear pathway for victims and accused perpetrators of sorcery related violence.

Confronting corruption

With assistance from the Australian Attorney General's Department, Papua New Guinea made progress towards implementation of its anti-money laundering/counter-terrorist financing framework. This support developed practical instruments to operationalise new legislative provisions. It also funded forums and the development of educational material for the Office of the Public Prosecutor that raised industry and public awareness of the legislative regime.

Support provided by the Australian Federal Police (AFP) under the Papua New Guinea – Australia Policing Partnership (PNG-APP) included capacity development activities that improved accountability, professionalism and behavioural standards within the Royal Papua New Guinea Constabulary (RPNGC). For example, the AFP co-funded the renovation of the Boroko cell complex in Port Moresby to create a Watch House facility, with separate custody management administration function, and an electronic cell management system that tracks prisoner movements. These improvements, coupled with redrafted procedure and governance, have reduced opportunities for RPNGC members to engage in flawed arrest and detention practices. They also reduce the number of prisoners being held at any one time, decrease human and constitutional rights transgressions by RPNGC members, reduce prisoner escapes, and prevent persons being held without charge or being held illegally.

The PNG-APP was realigned in accordance with Australian Government commitments to provide support to the RPNGC in its role as the lead security agency for APEC Papua New Guinea 2018. The PNG-APP invested \$9 million in equipment and infrastructure to support a range of training programs that develop specialist policing skills necessary for conducting successful security operations during APEC Papua New Guinea 2018. These resources and skills obtained will provide lasting benefits to policing in Papua New Guinea.

The Autonomous Region of Bougainville

In Bougainville, the program constructed the regional Office of the Public Prosecutor and concluded the fit-out of the offices of the Ombudsman Commission. This completed the establishment of national law and justice agencies in Bougainville, which will provide approximately 266,000 Bougainvilleans with improved access to services. The program constructed the Mabiri Juvenile Rehabilitation Centre, a first of its kind in Bougainville, with the capacity to house 44 male juveniles. The Centre will provide a holistic rehabilitation and reintegration program to ensure the juveniles return to communities as responsible, productive citizens and advocates for community safety and the rule of law. We supported the provision to more than 4,000 secondary school students and teachers of education about the rights and responsibilities of women, children and all citizens, and the roles and responsibilities of law and justice agencies.

The program aimed to increase the effectiveness of the Bougainville Police Service (BPS) by increasing the number of regular police by 30. We provided training to 40 young Bougainvilleans to meet RPNGC entry requirements, a pathway to service in the BPS. We developed a frontline policing course for junior officers across Bougainville. The Program built three houses and four duplexes for staff, helping to expand policing services to rural areas, where the majority of the population resides.

Crosscutting issues

We continued to collaborate with the private sector. Together with Exxon Mobil Papua New Guinea Limited, we continued joint funding for a community justice adviser in Hela Province to provide support to the Provincial Law and Justice Working Group. The advisor helps develop and implement annual activity plans and improve coordination with the national law and justice agencies. Activities included raising awareness on various law and justice issues and improving cross-sectoral coordination to address family and sexual violence.

Management actions

We leveraged the unanticipated delay in the program's commencement to strengthen our engagement and build relationships with Papua New Guinea agencies. This allowed us to implement the program quickly and effectively.

The key risk to the program's implementation remains the limited capacity of Papua New Guinea agencies to access resources and recruit personnel. This capacity issue may be compounded by Papua New Guinea's focus on the 2017 elections and preparations for APEC in 2018. The Program's agreed governance arrangements ensure ongoing dialogue across the sector at all levels to review and determine the appropriateness of new and existing activities.

The program's monitoring and evaluation system relies on data collected by Papua New Guinea Government law and justice agencies. These agencies face significant resource and capability challenges and have limited capacity to regularly update and analyse data. Good evidence about program outputs and outcomes is therefore limited where it relies solely on local data collection. We are working with Papua New Guinea agencies to improve their data collection, including by providing an adviser to assist in producing the sector's Annual Performance Report (APR).

The program ensures that people with disabilities and disabled persons organisations are consulted during the planning stage of all infrastructure projects. This has ensured that our infrastructure projects are constructed to meet equal access standards including installation of ramps. The program is also working with law and justice agencies to include disability disaggregated data for future planning and reporting purposes.

OBJECTIVE 2: ENABLING ECONOMIC GROWTH



*This objective includes investments in the private sector development and economic governance sector and the transport sector. **This objective is rated green for 2016-17** because of progress made in private sector development, economic governance and to a lesser extent, transport, including the completion of high-impact projects. This largely reflected the Aid Investment Plan strategy.*

Australia's investment in private sector development includes a Papua New Guinea Government endorsed Private Sector Development Framework, which aims to support broad based economic growth, rural development and reduce risks associated with the cost of doing business. The Incentive Fund program (\$100 million 2015-21) provided six high-performing organisations with grants to improve service delivery and provide economic opportunities. Around 87 per cent of the population live in rural areas⁶. They remain dependent on agriculture for much of their livelihood and have limited access to markets.

Through the Papua New Guinea-Australia Transport Sector Support Program (TSSP) (\$370 million 2015-19), Australia's transport sector strategy directly supports the Papua New Guinea Government's priorities as set out in the National Transport Strategy and the Medium Term Transport Plan 2 and is guided by the objectives agreed in the Aid Partnership. Only 68 per cent of Papua New Guinea's rural population live within two kilometres of an all-season road. Much of PNG's 30,000 km road network is in poor condition, increasing road user costs and making sections of road impassable. This isolates large numbers of Papua New Guineans from markets and income-earning opportunities, as well as health and education services. Bad roads are a constraint to growth and a major cause of poverty and hardship.

⁶ Financial Inclusion and Financial Capability in Morobe and Madang Provinces, Papua New Guinea, an initial report of the Papua New Guinea National Financial Capability Survey, Bank of Papua New Guinea, Papua New Guinea Institute for National Affairs, The World Bank, June 2015



Private Sector Development and Economic Governance

Australia's progress largely reflected the Aid Investment Plan priorities of implementing the Private Sector Development Framework (the Framework), strengthening public sector governance, supporting Papua New Guinea's delivery of APEC 2018 and continuing the Incentive Fund program. Twenty-nine per cent of the aid program focused on private sector led growth and aid for trade (a Performance Assessment Framework indicator), against the Aid Investment Plan Performance benchmark of 29 per cent.

Private Sector Development Framework

Through the Framework, Australia aims to support broad-based economic growth, rural development and reduced risks associated with the cost of doing business in Papua New Guinea. The Framework's four pillars are business enabling environment; rural development, markets and trade for agricultural goods; innovation and partnerships with private sector and less traditional partners; and financial inclusion. Internal reporting⁷ indicated activities were largely achieving expected outputs. The combination of weak economic conditions and a competitive international market limited the progress of programs that aim to support Papua New Guinea producers in establishing overseas export markets.

Papua New Guinea's business-enabling environment improved in 2016-17. Its 'ease of doing business' rank in the World Bank's *Doing Business 2017* report improved from 145 out of 189 countries in 2016 to 119 out of 190 countries in 2017, placing it in the middle of similar economies in the Pacific. Papua New Guinea reduced the time required to start a business by streamlining business registration and it was among nine economies to implement reforms to strengthen access to credit. Australia supported the business-enabling environment through multilateral partners including the Asian Development Bank (ADB) and the International Finance Corporation (IFC). With the ADB's assistance, Papua New Guinea's Investment Promotion Authority implemented an online registry that enabled lenders to easily accept moveable property such as machinery as collateral. The Papua New Guinea Government launched an IFC study on the economic impact of cruise tourism in Papua New Guinea to the Papua New Guinea Government and private sector. As a result of the study, Australia is assisting Papua New Guinea to provide information for tourists on handicrafts, with the aim of boosting incomes in provincial areas.

Assistance for rural development, markets and trade for agricultural goods was delivered through the Market Development Facility (MDF), the Pacific Horticultural and Agricultural Market Access (PHAMA) Program and the Australian Centre for International Agricultural Research (ACIAR). Assistance was also provided to the cocoa industry in Bougainville (see page 24).

To encourage Highlands farmers to diversify incomes, the Market Development Facility trained beekeepers and assisted Highlands fruit producers to make hive boxes out of local materials.

Eight private sector partnerships under the MDF were leveraging commitments of approximately \$25,000 as of December 2016. By 2020, 10 partnerships are projected to generate an additional \$3 million in market transactions, from which approximately 5,200 people (2,200 women) are projected to benefit⁸. In 2016-17, a partnership with Papua New Guinea bank, Mibank, rolled out an improved payment system for cocoa farmers that saved transaction costs and time by enabling the farmers to collect payments for their crops through Mibank agents, such as retailers and shop owners, instead of directly from the bank branch. Lessons from MDF's work include the need for assistance to focus on fundamental functions, such as getting distribution pathways in place, before product development⁹.

⁷ Aid Quality Check, Private Sector and Rural Development

⁸ Market Development Facility Annual Aggregation of Results January 2016 – December 2016

⁹ Market Development Facility Annual Aggregation of Results January 2016 – December 2016



The PHAMA commissioned market studies in different agricultural commodities. Its advice to an exporter on Australian import requirements for spices progressed to trial shipments with the potential to develop into regular trade. A PHAMA study illustrated the challenges for Papua New Guinea to develop export pathways for fresh produce¹⁰. Through PHAMA, Australia is working with partners to implement recommendations. ACIAR expanded markets and processing of canarium nuts in East New Britain Province, leading to an increase in the number of smallholder farmers engaged in the supply chain. This has led to training of 24 women on extending the shelf life of canarium nut products, post-harvest handling, and basic financial and business skills in 2016.

Under the innovation and partnerships pillar, Australia assisted Papua New Guinea to continue the Kumul GameChangers Initiative, which promotes private sector-led solutions to Papua New Guinea's development challenges through a competitive process. In 2016-17, 42 finalists (from a total of 638 applications) were selected to progress to the next phase of the program, which includes intensive business training and mentoring.

Australia's assistance under the financial inclusion pillar aimed to provide financial literacy training and access to banking to Papua New Guineans in rural areas. Through contributing to the Asian Development Bank's (ADB) Microfinance Expansion Project, Australia supported financial literacy for approximately 46,000 people (23,000 women)¹¹, exceeding the Aid Investment Plan performance benchmark of 40,000 people. The project helped open approximately 45,000 deposit accounts across a range of micro-banks and savings and loans societies between March 2016 and March 2017. The project has trained more than 170,000 people, against its target of 130,000. Measuring the impact of training remains a key challenge and is a management action for the ADB for 2017-18.

Strengthening public sector governance

A strong public sector supports economic activities and investment decisions, and strengthens the regulatory environment to facilitate growth in the private sector. Under the Strongim Gavman Program (SGP), Australian Government officials were deployed across a range of Papua New Guinea Government agencies in 2016-17 in an effort to strengthen public sector governance. Papua New Guinea Customs, Papua New Guinea Immigration, the Accident Investigation Committee, Office of the Public Prosecutor, Kokoda Track Authority, the Auditor-General's Office and the Conservation and Environment Protection Authority all received long-term deployments from Australia. Short-term deployments were made to the Papua New Guinea Electoral Commission to assist with Papua New Guinea's general election and Papua New Guinea's Civil Aviation Safety Authority for improved air safety. In late 2016, the Papua New Guinea Government introduced a set of principles to enable support to resume in all Papua New Guinea agencies (including the departments of the Treasury, Finance, Justice and Attorney-General, and Transport). To reflect this change, work commenced to refocus support on institutional partnerships, training and mentoring, short-term deployments and the deployment of Papua New Guinea officials to Australian agencies.


Incentive Fund

The Incentive Fund provided six high-performing organisations with grants to improve service delivery and provide economic opportunities for the people of Papua New Guinea. The Fund supported an innovative pilot project in Morobe Province to trial Papua New Guinea-developed, purpose-built solar powered rice mills¹². The project is aimed at boosting food security and improving rural livelihoods of participating farming communities by increasing production and access to commercial markets. Although too early to determine how individuals were tracking, overall the Fund is expected to meet its overall target of 80 per cent of projects benefiting women and girls and 50 per cent being infrastructure-based. A challenge remained in

¹⁰ Technical and Economic Feasibility of Selected Fresh Produce Export Pathways in Papua New Guinea – Technical Report # 098

¹¹ Performance Assessment Framework indicator

¹² Incentive Fund Aid Quality Check 2016



attracting applications of sufficient quality to meet the target of 20 per cent delivered by the private sector¹³.

Support for APEC 2018

Australia supported Papua New Guinea's preparations to host APEC 2018 through the continuation of two APEC Secretariat internship placements in Singapore and assisting with the establishment of an APEC Study Centre at the National Research Institute. Additionally, Australia co-hosted a successful APEC policy development dialogue, and provided Australia Award Fellowships in International Trade and Diplomacy to 53 participants with direct linkages to agencies with APEC Papua New Guinea responsibilities.

Crosscutting issues

Innovation and private sector engagement is woven into all activities under the Framework. The Microfinance Expansion Project launched a Gender Equality and Social Inclusion Policy for microfinance institutions in Papua New Guinea in May 2017. The policy provides a framework to integrate gender equity and social inclusion values within organisations. Other key achievements include the development of nine financial products specifically for women, a first for Papua New Guinea. An MDF partnership involved a remote area helicopter service that linked fresh food producers (many of whom are women) to markets in Port Moresby, flying approximately five tonnes of produce per week.

The private sector has an important role to play in the development of Papua New Guinea's resilience to climate change. In 2016-17 a wide range of enterprises were engaged in the development of new projects targeting Green Climate Fund support, such as the UNDP-led early warning systems and climate weather services project, and the ADB-led renewable energy project. Development of agricultural systems and markets through ACIAR, PHAMA and the MDF contributes to Papua New Guinea's climate resilience by improving food security and the livelihoods of small-hold farmers.

Management actions

An impact assessment study of training delivered through the Microfinance Expansion Project is expected to be delivered in April 2018. Australia will work with partners to implement recommendations of the PHAMA report into the feasibility of selected fresh produce export pathways.

Transport

Australia's investment focuses on achieving three strategic outcomes: (1) maintenance of Papua New Guinea's national priority land transport assets; (2) improving aviation and maritime safety and security systems; and (3) strengthening agencies to assist them to better meet their mandates so they are capable of implementing necessary sector reforms, including on sector funding.

Maintenance of national priority land transport assets

In 2016-17, Australia funded the maintenance of 760 kilometres of national priority roads across 12 provinces and the Autonomous Region of Bougainville, exceeding the Aid Investment Plan performance benchmark of 700 kilometres. The 2016-17 design benchmark of 100 km has shifted due to delays in securing joint approval of Phase 1 Ramu Highway scoping study findings and to the approach for Phase 2 (design phase). Phase 2 is expected to be a focus in 2017-18. In accordance with our agreed work plan with the Department of Works (DoW), tenders have been advertised to establish new fixed-term maintenance contracts in key

The private sector plays an important role in achieving a safe and reliable transport system. In 2016, more than 60 contractors took part in a series of Australian-supported workshops aimed at strengthening the capacity of Papua New Guinea's road construction industry. Feedback from workshop participants was overwhelmingly positive.

¹³ IBID



economic corridors across Papua New Guinea's coastal provinces, with work expected to commence in early 2018.

Australia funded the reconstruction of four major bridges along the Kokoda and Northern Highways in Oro Province, which were destroyed by Cyclone Guba in 2007. As a result of this project, there are no more wet crossings between the newly constructed Kumusi Bridge (Papua New Guinea's longest two-lane bridge at 285 metres) and the coast at Oro Bay. The project was completed in 2016 on time and under budget, enabling the reinstatement of two additional pre-fabricated bridges. These six bridges should help improve the region's growth prospects into the future by reducing travel times, enabling safer crossings, and reconnecting businesses and 97,000 people. Findings from a post-completion evaluation of the Oro bridges project are expected in early 2018.

Improving aviation and maritime safety and security systems

Several initiatives helped Papua New Guinea's aviation and maritime agencies move towards increased compliance with international safety and security standards. In early 2017, Papua New Guinea Air Services Limited (PNGASL) launched the Australian-funded Global Navigation Satellite System project, which will introduce satellite navigation capability to up to 45 airstrips across Papua New Guinea, better aligning Papua New Guinea to international aviation trends. With respect to maritime safety, in January 2017, Australia signed an arrangement with Papua New Guinea's National Maritime Safety Authority formalising Australia's ongoing capacity-building support. This followed the launch of the co-funded Global Maritime Distress Safety System in May 2016, providing a more effective communications system for marine safety with the aim of saving lives at sea.

Strengthening agencies

In keeping with the Aid Investment Plan's aim of focusing more on the provision of infrastructure policy and economic support, Australia signed a three-year arrangement with the DoW in October 2016. The arrangement builds on and formalises Australia's historical capacity development efforts with the department. Support was provided in a range of areas, including improving strategic and operational road network planning, and strengthening the management of road asset data.

Data collection, quality assurance and system input on road condition for Papua New Guinea's almost 9,000 kilometre of national road network is an immense and time-consuming task. However, with Australia's support, DoW is slowly building an evidence-based assessment of the road network condition. In 2016, Australia supported the training of DoW staff in the use of more affordable road condition survey equipment, which is now being used by DoW to update road data in a sustainable way and at lower cost. For example, the DoW surveyed most of the Highlands Highway from Lae to Mendi in November 2016. This data will assist DoW to better inform decisions to prioritise and plan targeted interventions. A study on the impact of Australia's support to DoW is expected to commence in late 2017.

Working closely with Papua New Guinea's Department of Transport (DoT), sectoral planning and budget preparation was a major focus for TSSP. This work has had some success in strengthening the budgeting process, including through workshops on how to prepare sound business cases to improve the robustness of budget submissions.

However, exogenous global factors and plummeting commodity prices have resulted in a decline in funding for critical road maintenance. There has been a 19 per cent reduction in the 2017 Papua New Guinea Government appropriation for transport-related activities from 2016 levels. Current funding is now equivalent to 2010 levels and is insufficient to prevent further decline in the aggregate condition of Papua New Guinea's national road network. This is a matter of critical importance for the Papua New Guinea economy, not only because of the key role of the transport sector in promoting growth, but because of the immense cost of deferred maintenance—the World Bank estimates that maintenance is 18 times more costly if deferred for five years. In response to these challenges, and to strengthen project prioritisation, DoT is advocating for a greater focus on improving the quality of a smaller portfolio of project funding requests. Nevertheless, extra Papua New Guinea Government funding to road maintenance is required.



Crosscutting issues

Progress towards inclusion of women in the transport sector included employing 4,679 women (29 per cent) in Bougainville through community works agreements in 2016-17. Moreover, TSSP piloted an innovative approach to paying road maintenance workers via an electronic mobile phone payment system. As a pilot program, results are still being assessed. However, we anticipate the program will assist to make it faster, easier and safer for women and men to access funds. In early 2017, a study was undertaken to gather baseline data on the status and positioning of men and women in the transport sector to assist the program refine its strategies and develop appropriate targets that promote gender equality and the inclusion of women. Revised strategies are expected to be completed during 2017-18.

Across the broader program, TSSP promoted gender equality by supporting an executive mentoring program for women. In 2016, the first graduate from this program was promoted to a senior executive role in Papua New Guinea Air Services Limited as the Government Relations Manager. This graduate occupied a leadership role in the Papua New Guinea transport sector's preparation for the APEC Transportation Working Group in early 2016, indicating further progress against the Aid Partnership benchmark of increasing the inclusion of women in the planning, design and delivery of transport infrastructure.

TSSP expenditure related to climate change in 2016-17 was estimated at \$23.9 million. The resilience of Papua New Guinea's transport network to climate change has been improved through maintenance and rehabilitation of Papua New Guinea's national priority roads, improved aviation and maritime safety and security standards, improvements to the performance of sector agencies, and integration of disaster and climate risks in engineering design. For example, the upgrade of safety standards and satellite navigation capabilities has improved safety in the aviation and maritime industries as weather patterns become more severe.

Management actions

Closer engagement with Papua New Guinea's central decision-making agencies – including Treasury, the Department of National Planning and Monitoring, and the Department of the Prime Minister and National Executive Council—will be necessary to work towards an improved framework for prioritising resources, and ideally lead to adequate funding for maintenance. Our enhanced dialogue and efforts will be targeted in a number of ways, including: at meetings of the lead coordinating mechanism for Papua New Guinea's transport sector (the Transport Sector Coordination, Monitoring and Implementation Committee); support for an institutional review of the land transport sector's governance settings; and supporting the preparation of the next Medium Term Transport Plan (MTTP) to ensure it is realistic and achievable. The new MTTP will be informed by an Australian-funded transport sector funding study. The updated MTTP will also be informed by a new National Road Network Strategy. Australia is working closely with DoW on this strategy to look at how the road network, including technical standards and levels of service, can be remodelled to reflect the Papua New Guinea Government's constrained budget environment.

An evaluation of TSSP by the Office of Development Effectiveness is expected to be completed in 2017. The report will inform thinking within the Department of Foreign Affairs and Trade about how it can best support the challenge of maintaining and improving road networks in Papua New Guinea and elsewhere in the Pacific.

OBJECTIVE 3: ENHANCING HUMAN DEVELOPMENT



*This objective covers investments in health and education, both areas where Australia's assistance went through a period of significant transition in 2016-17 as new sector plans were being developed. **This objective is rated amber in 2016-17.** Although generally on track against targets, progress in supporting health financing was below expectations, and there were weaknesses in monitoring and evaluation data, particularly in education.*

Papua New Guinea was rated 154 out of 188 countries (153 in 2014) in the United Nations Development Programme 2015 Human Development Index. The Index integrates three basic dimensions of human development: life expectancy at birth, mean years of schooling and expected years of schooling, and gross national income per capita. Australia's health support contributed to the Papua New Guinea Medium Term Development Plan (2016-2017) goal of improved access to and quality of health care. Most of Australia's health support was delivered through the Health and HIV Multilateral Partnerships program (\$68 million, 2011-20), the Health Capacity Development and Service Delivery program (\$293 million, 2011-17), and Health and HIV Financing program (\$48 million, 2013-17). Infrastructure was delivered through the Health and Education Procurement Facility (\$39 million, 2014-17). In 2016-17, Australia's health program began to transition into new models of delivery under the next four-year phase of health investments.

Australia's support for education contributes to the Papua New Guinea Government's Vision 2050 and Medium Term Development Plan to improve access to and quality of education. Australia delivered support through the Papua New Guinea Education Program (\$285 million, 2011-18) and Australia Awards Papua New Guinea (\$175 million, 2016-21). Consistent with the Aid Investment Plan, Australia's support for education focused on building Papua New Guinea's capacity to deliver education services. Achievements included increased primary enrolment; classrooms constructed and improved gender parity for girls enrolled in primary school. However, the program needs a greater focus on improving the quality of teaching for improved literacy and numeracy and a more robust approach to monitoring and evaluation to track program impact.


Health

Papua New Guinea's health indicators remain poor. Maternal and neonatal mortality rates are 545 deaths per 100,000 live births and 28 per 1,000 births, respectively. Contraceptive rates (24.1 per cent for modern methods) and skilled birth attendance (40 per cent) are also low.

As part of Australia's commitments under the Papua New Guinea – Australia partnership for development, the objectives of Australia's support in 2016-17 were to:

1. contribute to strengthening the Papua New Guinea Government's role as primary health service provider;
2. improve the effectiveness of health systems; and
3. contain existing epidemics and strengthen Papua New Guinea preparedness to combat emerging health threats¹⁴.

¹⁴ Papua New Guinea-Australia Aid Partnership Arrangement 2016-2017, Health schedule



Australia invested approximately \$95 million over 2016-17 in health activities, including through *Joint Understanding* commitments.

Strengthening the Papua New Guinea Government's role as primary health service provider

Australia's objective under this pillar was to assist the Papua New Guinea Government to build its capacity to provide essential and routine maternal and child health and other targeted services in line with its National Health Plan objectives. The Rural Primary Health Services Delivery Project (2012-20), co-financed with the Asian Development Bank, aimed to strengthen the rural health system in eight provinces by increasing the coverage and quality of primary health care. The Project continued its progress towards the goal of building 32 Community Health Posts (CHPs) by the end of 2018, with four new Health Posts opened in 2016-17. Initial assessments have indicated that demand for the CHPs has been high and that they are expanding the delivery of integrated rural health services¹⁵. A mid-term review of this program found it was efficient, effective and strongly aligned with Papua New Guinea Government policies¹⁶.

In December 2016, Australia participated in the opening of Alkena Community Health Post, which will provide a full range of primary health services to 6,500 people in the Tambul Valley, Western Highlands.

Strengthening rural health services as well as support for establishment of Family Support Centres in Arawa, Daru and Lae has helped aims to increase women's access to health services and men's access to health information. The work to improve gender equity will continue through a focus on increasing access to family planning services, including working with whole families.

Increasing the effectiveness of Papua New Guinea health systems

Papua New Guinea has a shortage of health professionals, with only 0.6 health workers per 1,000 people compared to the WHO recommended 2.5 per 1,000 people. In addition, between 30 and 50 per cent of current health staff will be eligible for retirement within the next decade. Australia's support for human resources has aimed to improve the availability and quality of health training to address current and impending staff shortages.


Australia's programs aimed to train 1,400 midwives, nurses and community health workers between 2012 and 2017, and to refurbish eight health training institutions. All refurbishments were completed, including nurse training schools at Lae and Enga benefiting over 250 students. In 2016-17, 122 midwives, 146 Community Health Workers and 126 nurses graduated from Papua New Guinea institutions through Australia Awards. This brought the total for the 2012-2017 period to more than 1,500 health workers trained, including an increase in the number of trained practicing midwives from 152 in 2011 to 450 in 2016. In spite of this support, the Papua New Guinea Government will need to make significant investments in training if its health workforce is to catch-up to the rapidly growing population.

Australia is on track to meet its commitment under the *Joint Understanding* to fund the redevelopment of ANGAU Hospital by 2020. The work includes support to strengthen district health systems, and clinical governance support to the hospital. The first phase of redevelopment works, completed in 2016-17, included construction of a new \$2.5 million operating theatre and 20 bed ward, construction of a new \$1.3 million dental clinic, and redevelopment works worth over \$12 million at the Lae School of Nursing.

The objective of Australia's support for health financing, through the Health and HIV Financing Program, has been to improve access to health services, particularly in disadvantaged districts, through providing targeted funding and improving the implementation, reporting and governance of funding at national and provincial levels. No funds were contributed to the account in 2016 or 2017, and the Australian funds in the trust account (\$5 million) were frozen because the Papua New Guinea Government's annual audits of the

¹⁵ Aid Quality Check for Papua New Guinea Health and HIV Financing Program

¹⁶ Rural Primary Health Services Delivery Project, Mid-Term Evaluation Report, 2016



program's trust account were behind schedule. These audits are expected to be completed in 2017. While the suspension of funds delayed the delivery of provincial health activities, it reinforced the importance of good public financial management practice in the Papua New Guinea National Department of Health¹⁷. Technical assistance provided through the World Bank progressed analysis of health spending efficiency in Papua New Guinea, with the findings to be finalised and published in late 2017 and expected to help the Papua New Guinea Government develop better health policies and health spending practices.

Containing existing epidemics and strengthening Papua New Guinea's preparedness to combat emerging health threats

Papua New Guinea experiences approximately 30,000 new cases of tuberculosis (TB) per year, and has one of the highest rates of TB and multi-drug resistant TB (MDRTB) in the world. The objectives of Australian support include supporting improved surveillance and laboratory facilities, and building core public health systems. The current phase of our support to the Papua New Guinea Government's TB response (\$60 million, 2011-2017) neared its conclusion in 2016-17. The immediate goal was to support an effective and coordinated response to MDRTB, focusing on Western Province and the National Capital District. Output data indicates that the program is achieving its goal. Patient outcomes for MDRTB have improved significantly due to the large reduction in the number patients being lost to follow up, from 33 per cent in 2013 to less than one per cent in 2016¹⁸. Australia continued to work with the Papua New Guinea Government and other development partners, including the World Bank, to bring additional resources and expertise to the response. The Papua New Guinea Government and World Bank have reached agreement on a USD15 million loan to address MDRTB in the three most affected provinces. Australia facilitated this by matching the loan funds and expanding the reach of the project, and we are now working with both partners to operationalise this project.

Australia continued to assist the Papua New Guinea Government to deliver HIV services using its own resources and systems. Australia assisted Papua New Guinea to develop a costed draft *National STI and HIV Strategy* and supported population health surveys to inform the efficiency, targeting and funding of its HIV response. Work continued with the Papua New Guinea Government and other partners such as the Global Fund on identifying additional funding for HIV services, including through domestic sources.

Crosscutting issues


The unmet need for contraception in Papua New Guinea remains high at 44 per cent. Almost 13 per cent of young women begin child bearing before age 20. Through Australia's support to the National Family Planning Program, fifty-two frontline Papua New Guinea Government health workers (88 per cent women) were trained in implementing long-acting and permanent methods of contraception. Australian support also provided 104,800 couple years' protection from pregnancy through the provision of contraception methods. Our assistance contributed to providing essential maternal and child services, with an estimated 59,881 unintended pregnancies prevented, 19,239 pregnant women provided with testing to prevent HIV transmission to their babies and 11,229 children vaccinated against measles.

Australia supported an innovative pilot trial by the Papua New Guinea Paediatric Society in Port Moresby to introduce new TB medications specific for children. The new dissolvable medications taste better and require fewer daily pills. More than 600 children had been treated by May 2017 and a broader roll out of the medication is planned for 2018. Australia provided seed money towards Business for Health, a partnership with the private sector to increase workers' access to TB education, detection, treatment and prevention services through workplace TB programs.

Australian support for surveillance systems has helped to identify increases in vector borne diseases such as malaria, dengue and diarrhoea, which are often due to changing climates. This work includes technical support for public health laboratories, drug quality testing and improving public policy. Our investments in health infrastructure ensure construction standards reflect the risks of extreme weather and disasters. For

¹⁷ Aid Quality Check for Papua New Guinea Health and HIV Financing Program

¹⁸ HHISP: Monitoring and Evaluation Report – January – December 2016.



example, under the Rural Primary Health Services Delivery Project, climate risks and energy efficiency considerations were integrated into health facility rebuild and refurbishment plans, water and sanitation facilities were designed to reduce the risk of drought, and solar systems have improved energy security.

Management actions

Design of the next four-year phase of health investments has commenced and transitioning is underway, with an increased focus on supporting Papua New Guinea systems and improving policies and institutional function, rather than direct service delivery. The new Sector Investment Plan identifies new goals and methodologies of the program; the program design work is making good progress; and initial contracts (under the Papua New Guinea Partnerships Facility) have been signed. The limitations of current formal and resourced monitoring and evaluation frameworks will be addressed in successor arrangements. A focus across the health portfolio will be to support Papua New Guinea to increase the scale, effectiveness and efficiency of its funds and programs. Increasing engagement with the multilateral partners, particularly in financing and coordination, will also be a feature of our new investments in the health sector in Papua New Guinea.

An updated plan of sector evaluations will be developed for implementation in 2017-18, the first of which will be an evaluation of our multilateral partnerships in health, which will help inform future sector support. Our collaboration with the World Bank on Health Financing Systems Assessment will support more in-depth health financing analysis and discussions with Government, particularly on sectoral priorities with a shrinking 2018 budget.

Education

Australia's contribution to education in 2016-17 supported a system that has succeeded in increasing access to schooling but is now struggling to keep pace with the pressures of growing enrolments. In 2015, 23 per cent of Year 5 students in Papua New Guinea met or exceeded expected literacy standards and 51 per cent of Year 5 students met or exceeded expected numeracy standards¹⁹. The 2016-17 period has seen a transition in Australia's support for education, developing a new five year program that will shift focus from access and enrolments to teaching quality, particularly in literacy and numeracy. A strong emphasis on partner government engagement has facilitated a shared understanding of how to address key education issues.


Under the previous Partnership for Development, Australia and Papua New Guinea agreed to pursue progress towards the achievement of Universal Basic Education. Dialogue with the Papua New Guinea Government has informed a new education sector investment plan and design work that aligns Australian strategic objectives and Papua New Guinea Government education priorities. There is agreement that teaching quality and literacy and numeracy improvements are the highest priorities in basic education.

Activities completed in the reporting period included the final stages of the school classroom construction program, with completion of the final 124 classrooms and 62 teachers' houses planned. Overall, the program has completed 520 classrooms, providing more than 20,800 students with better access to education, and increased the numbers of teachers with access to accommodation by 260. In January 2017, we commenced financial management training focused on support for the Tuition Fee Free policy across all provinces.

The Partnership for Development set a benchmark of 80.5 per cent gross enrolment for girls in primary school. This target was exceeded in 2015 with gross enrolment for girls in primary school reaching 82 per cent. Gender parity for basic education was 0.89 in 2015 compared to 0.88 in 2014.

Australia supported the "Last Taboo" project to undertake research into barriers to women's and girl's effective menstruation management—an issue that prevents many adolescent girls transitioning from

¹⁹ Pacific Islands Literacy and Numeracy Assessment – PILNA



primary to secondary school. We have supported training on WASH practices/understanding menstrual hygiene in 22 schools.

In December 2016, Australia entered into a \$1 million pilot public-private partnership with Digicel to construct school classrooms in Bougainville. The classrooms were completed and launched in May 2017, providing 400 girls and boys with better access to education.

In the last year, Australia worked to address the inclusion of people with disability in education through the non-government organisation Callans Services. Commencing in December 2016, Callans Services has been working to deliver training to school teachers in special education as well as improving the health and functioning of children with disabilities to participate in education.

A total of 252 students graduated from the Australia Pacific Technical College (APTC) in Port Moresby, with 81 per cent going on to be employed in the private sector and 4 per cent in the public sector.

Education for employment and leadership

Continued investment in a skilled and technically qualified workforce is important to ensure economic growth. The Australia Awards scholarship program supported over 1,300 students to study in Australia and Papua New Guinea in 2016, including 444 new commencements. The program saw 123 (48 per cent women) scholars graduate from Australian institutions in 2016, including 89 masters' and six doctoral qualifications in priority sectors. In addition, 416 (68 per cent women) students graduated from Papua New Guinean institutions including 22 teachers, 122 midwives, 146 community health workers and 126 nurses. These graduates will help to meet immediate labour market shortages in health and education. Australian universities have not yet released 2016 completion rates; however, 2014 and 2015 rates were high at 92 per cent. Less than two per cent of students withdrew from scholarship due to non-academic reasons in 2016, down from six per cent in 2013. In addition, 416 (68 per cent women) students graduated from Papua New Guinean institutions. Completion rates within Papua New Guinea for 2016 are not yet available, however, completion rates increased from 82 to 88 per cent between 2014 and 2015.

The design of a program of Kina4Kina (K4K) grants to universities to support quality improvements in the tertiary sector was completed and launched in December 2016. The model focuses on institution-to-institution linkages and builds upon the successful James Cook University-University of Papua New Guinea twinning partnership model, currently in its second year, that has seen 29 University of Papua New Guinea lecturers undertake a Graduate Certificate of Education, 34 academics undertake writing workshops and six early career researchers participate in research development activities.

The University of Natural Resources and Environment, Divine Word University, and the Papua New Guinea University of Technology have been approved to receive grants under the K4K program, with initiatives targeting the improvement of business programs; training for the development of teaching and learning; and a teaching quality assurance systems audit. Two applications build on existing partnerships with Australian universities.

Crosscutting issues

The Australia Awards program met its target of fifty per cent of 2017 long-term female awardees. Measures to attract and retain women scholars included the gender targets; pre-departure training on domestic violence; and case management support. While girls' enrolment rates in primary school are improving, their completion rates are still well behind boys' completion rates.

Management actions

The shift of Australia's focus from access to universal basic education towards improving teaching quality and improved literacy and numeracy is well underway through the design of a new program. A Sector Investment Plan has been drafted, identifying 'Foundations, Skills Development and Leadership' as the key pillars, and the new design is at an advanced stage of development. Initial activities under the new approach have commenced with grant agreements under the Papua New Guinea Partnerships Fund. The new

education program will establish and implement a robust monitoring and evaluation framework, and will continue to support the Government to collect, analyse and use relevant education information to measure progress and inform policy development and implementation. Sectoral analyses will include an examination of factors impeding girls' completion of schooling, and further actions that might be taken to address this. A sectoral evaluation plan will be developed to guide education evaluation work over 2017-18.

In July 2016, Australia began a new five-year Australia Awards Papua New Guinea contract with Coffey International, which will deliver a more effective scholarships and alumni program. One component of this is a series of reviews of key aspects of the Awards programs. A strategic review will inform future program improvements, and a new program monitoring and evaluation framework is being developed. The framework will outline how the program will address gender barriers and align with the global Australia Awards monitoring and evaluation framework. It will also help us to assess the longer-term impact of the scholarship program in building the health and education workforce, institutional capacity and sustaining people-to-people links. The program has commenced diversifying funding streams and has partnered with private sector organisations to deliver scholarships in Papua New Guinea. It will also explore the possibilities for long-term institution-to-institution links with Australian colleges to improve educational quality.

CROSSCUTTING OBJECTIVES




Gender equality and women's empowerment

Gender inequality is a major development challenge in Papua New Guinea. Papua New Guinea ranks very low in global gender equality indicators such as the Gender-Related Development Index (ranking 158 out of 188 in 2015). Rates of gender-based violence are unacceptably high, and Papua New Guinean women are often excluded from, or lack the resources and skills to participate in, leadership and decision-making roles. The Papua New Guinea Government has dedicated limited funding to addressing women's equality and services, and Papua New Guinea's constrained economic environment is likely to further limit the availability of resources.

Gender equality and women's empowerment are challenging yet critical crosscutting issues for Australia's engagement in Papua New Guinea. Australia's diplomatic and development support for gender equality and women's empowerment in Papua New Guinea is guided by the Australian High Commission Port Moresby's *Gender Action Plan 2015-2020* (the Plan). Gender equality issues are considered in every Australian development investment in Papua New Guinea, consistent with DFAT's *Gender Equality and Women's Empowerment Strategy*. Australia is also investing \$58 million over five years (2014-19) on specific activities that promote gender equality and women's empowerment in Papua New Guinea through the *Pacific Women Shaping Pacific Development* program.

The Plan's expected outcomes include improved women's influence within aid investments, political dialogue and economic analysis; the full integration of gender equality into management arrangements and effective coordination across investments; enhanced women's leadership and influence in decision-making; increased economic opportunities for women and girls; and a strengthened national response to violence against women and children.



The performance of Australia's support for gender equality in Papua New Guinea is measured through the quality of the implementation of investments, and the amount spent on gender equality activities. In 2016-17 Australia's development assistance to Papua New Guinea met the strategic target that 80 per cent of investments effectively address gender issues²⁰, measured through Aid Quality Check ratings, demonstrating the continuing focus on achieving tangible results for Papua New Guinean women and girls. However, this result (82 per cent) is lower than in 2015-16 (86 per cent) and in 2014-15 (92 per cent), indicating more rigorous assessments of the impact of investments in 2016-17 and the need for a renewed focus on effectively integrating gender equality through all investments.

In 2016-17, Australia was one of Papua New Guinea's main partners in gender equality, contributing \$9.2 million to investments that promoted gender equality in Papua New Guinea as their main objective (many other investments included gender equality alongside other objectives). This represents two per cent of Australia's total development assistance to Papua New Guinea, a slight reduction from three per cent in 2015-16. Renewed focus will be needed to meet the Plan target of five per cent by 2020. Separately, the proportion of Australian investments that also included significant spending on gender equality (not just those with gender equality as a main objective) was 62 per cent. This rose from 61 per cent in 2015-16 but remains off track to meet Plan targets of 70 per cent in 2017 and 90 per cent in 2020. Overall, the spending on specific gender investments combined with those that have mainstreamed gender spending within generalist programs, has increased by one per cent. However, expenditure was lower than expected because several investments were being established or redesigned. As these new investments come on line, specific investment that can be counted within large mainstream programs is expected to increase in the coming years. The Plan identifies three main strategic objectives, which reflect the Australian Government's gender equality priorities:²¹ enhancing women's voice in decision-making, leadership and peacebuilding; promoting women's economic empowerment; and ending violence against women and girls and increasing access to support services.

Across Australia's aid investments, 378 women were trained or mentored with Australian support and engaged by Papua New Guinea in positions to influence decision-making.


Enhancing women's voice in decision-making, leadership and peacebuilding

Partial progress was made against the first objective, enhancing women's voice in decision-making, leadership and peacebuilding. Ninety per cent of high profile visits between Australia and Papua New Guinea included a major focus on gender equality and women's empowerment. Despite delays in finalising the project design due to difficulties liaising with the UN system in advance of the 2017 national election, *Pacific Women* trained 127 women in seven regional locations with participants from all of Papua New Guinea's 22 provinces. For the first time, training covered more detail on the political economy of elections and campaigning, as well as dealing with the real barriers women face in running as candidates, for instance, dealing with money politics. Ninety-seven per cent of participants reported an improved understanding of campaigning. Forty-four women went on to contest the 2017 national election (a quarter of the 165 women candidates). Research conducted through *Pacific Women* has shown that candidate training is one small aspect of improving women's chances in elections. Training by itself will not change deeply held cultural values about women's place in national level politics. Therefore, training of women candidates is part of a longer electoral cycle program to help women prepare for 2022 elections. Although a number of women did well in elections (five coming in the top four), none were elected. The Australian High Commission in Port Moresby will collaborate with the United Nations Development Program (UNDP), UN Women and the Australian National University (ANU) to run a post-diagnostic exercise to help frame interventions over the next five years.

A number of programs continued to support counterpart Papua New Guinea departments to implement the Papua New Guinea Gender Equity and Social Inclusion (GESI) Policy, which addresses barriers to women's

²⁰ The Australian High Commission Port Moresby's *Gender Action Plan 2015-2020*.

²¹ Set out in DFAT's *Gender Equality and Women's Empowerment Strategy*.



promotion and other challenges facing women in the public service. However, further work is needed to support consistent implementation of this policy. Delays in establishing the Papua New Guinea Governance Facility (PGF, see page 5) limited support to embed gender equality within the Papua New Guinea Government. The PGF's implementation will increase the support available to Papua New Guinea Government agencies, including at the subnational level.

In Bougainville, Australia supported 86 women's groups to deliver 126 community-driven projects, including water supply systems and resource centres, benefiting 68,000 people. Internal reporting showed the project was supporting improved perceptions of women's participation and leadership roles in the region.

Promoting women's economic empowerment

Progress was on track towards the second objective, promoting women's economic empowerment. Achievements included training more than 33,000 women in financial literacy or business development skills and increasing their access to financial services, through programs including the Microfinance Expansion Project and Bougainville Youth Initiative. In the Highlands, selected communities successfully trialled farming business approaches that promoted more equal household workloads and decision-making practices. Families involved in the trial, which was led by the University of Canberra, were showing improved productivity and incomes²². The Safe Public Transport initiative provided 62,000 safe trips for women and girls in Port Moresby to school, services and jobs. Critical work to analyse the economic situation of women and men in Papua New Guinea is needed to assist Australia's efforts to support women's economic empowerment, and Australia continues to encourage the Papua New Guinea Government to incorporate gender issues into its annual budget analysis.

Ending violence against women and girls and increasing access to support services


Progress was also on track towards the third objective, ending violence against women and girls and increasing access to support services. A number of reports estimate nearly 70 per cent of women in Papua New Guinea have experienced gender-based violence. These rates are amongst the highest in the world. Although the Papua New Guinea Government has established several Family Support Centres in hospitals (combined with donor funds), and Family and Sexual Violence Units in 17 police stations (mostly established through Australian funding), the Government does not fund any community support services for survivors anywhere in the country, nor any prevention programs to reduce violence.

Reflecting the urgency of the need, the largest proportion of Australia's gender equality funding goes towards activities that address the prevention of family and sexual violence and increase support for survivors.²³ At the national level, Australia supported the Papua New Guinea Government to finalise and launch the *National Strategy to Prevent and Respond to Gender Based Violence 2016-2025* and gazette the *Family Protection Act* regulations. The national strategy articulates the government's commitment to lead the coordination and monitoring of a multi-sectoral, multi-stakeholder response to gender-based violence in Papua New Guinea. Since July 2016 Australian-supported behaviour change campaigns to promote positive new gender norms have reached over 239,000 men and women. UN Women's Safe Cities project, of which Australia is a major supporter, helped established 14 market vendor associations. These associations empower women vendors to engage collectively with market management on issues such as reducing sexual harassment. Australia supported 2,026 women and girls to access crisis support services.²⁴ Three new police Family and Sexual Violence Units were constructed through Australia's law and justice program to provide specialist police and referral services to survivors of violence. Australia also supported the construction of two new Family Support Centres at hospitals, to provide specialist services including

²² Pamphilon B. and Mikhailovich K. 2016. *Building gender equity through a Family Teams approach: a program to support the economic development of women smallholder farmers and their families in Papua New Guinea*. ACIAR Monograph No. 194. Australian Centre for International Agricultural Research: Canberra. 36 pp.

²³ 52 per cent of *Pacific Women* funding goes toward prevention of family and sexual violence and support to survivors, compared to 18 per cent to women's economic empowerment and 16 per cent to women's leadership and influence. See Cardno (2017) *Pacific Women Papua New Guinea Performance Report 2016-2017*, Pacific Women Shaping Pacific Development Support Unit, Cardno Emerging Markets, Suva, Fiji.

²⁴ A Performance Assessment Framework indicator.



counselling. Ongoing challenges include demand outstripping supply of services, and limited Papua New Guinea Government investment in support for survivors of violence.

Across all gender equality activities, work is ongoing to leverage innovative and private sector opportunities to promote gender equality and women's empowerment. Australia supported the Business Coalition for Women (65 business members with almost 63,000 employees) to develop and market to their members high quality, locally contextualised tools to promote women's participation in business and leadership. Four companies have purchased associated training and support to adapt and monitor the policies in their workplaces. In partnership with the United States, Australia opened a Women's Business Resource Centre in Port Moresby, which, since November 2016, has provided training to 244 aspiring women entrepreneurs, and provided information on the pilot WECREATE business competition (see page 7). Through the Family Teams project, Australia funded the innovative development of games-based business literacy training modules for people with low literacy. Efforts are underway to obtain Papua New Guinea Government accreditation of these modules.

Management actions

Australia will continue to focus on strengthening the effective implementation of gender equality and women's empowerment issues across our diplomatic and development engagement in Papua New Guinea. Actions identified include a review of the Plan and associated guidance to staff, to ensure they are fit-for-purpose to guide aid investment planning, and consideration of strengthened resourcing for gender equality in the Australian High Commission Port Moresby. Australia will collaborate with the Government of Papua New Guinea to support research into the economic impact of women's empowerment as part of the Women in Economy Forum of APEC. This will inform Australian and Papua New Guinea investments to improve women's economic empowerment. At the investment level, we will improve the level of investment overall to ensure the targets in the Plan are achieved.

Ongoing challenges include ensuring coordination of the individual activities funded by *Pacific Women*, ensuring effective monitoring and evaluation, and involving women with a disability²⁵. Actions identified include continuing to strengthen the Papua New Guinea Reference Group, established in November 2016 to guide the strategic direction of the *Pacific Women* program in coordination with other investments and conducting disability-inclusive training for partner organisations.


Autonomous Region of Bougainville

In 2016-17, Australia's development assistance in Papua New Guinea's Autonomous Region of Bougainville remained focused on enhancing stability and supporting development and economic growth.

Our assistance aims to support the implementation of autonomy arrangements under the Bougainville Peace Agreement, and improve the effectiveness of the Autonomous Bougainville Government (ABG). We are also helping strengthen the foundations for sustainable peace and security, improve delivery of basic social services, and enable private sector-driven economic development. Empowering women and youth, to support stability, is a crosscutting priority.

Australia delivered \$46.8 million of assistance to Bougainville in 2016-17. Of this, \$13.9 million (30 per cent) was delivered through dedicated Bougainville programs supporting improved governance (\$5.09 million), economic development (\$3.05 million), peace building, stability and youth (\$4.7 million) and gender equality (\$1.05 million). The remaining \$32.9 million (70 per cent) was delivered through Australia's Papua New Guinea-wide programs in the four priority areas of health, law and justice, transport infrastructure and education.

²⁵ Identified in the draft *Pacific Women Papua New Guinea Performance Report 2016-17*, and informed by initial findings from a mid-term review of the *Pacific Women Papua New Guinea Second Country Plan*, due for completion by the end of 2017.



The development assistance program in Bougainville has activities across a range of sectors that collectively provide clear evidence of progress towards our objective of a more stable and prosperous Autonomous Region of Bougainville.

Governance

During the reporting period, we transitioned our Bougainville governance programs into the Papua New Guinea Governance Facility (see page 5). The consolidation of these activities under this management arrangement has enabled greater coherence between the three pillars of our governance support in Bougainville—autonomy and core government functions; economic development; and peace, stability and community cohesion—and delivered efficiencies in program management. For example, consolidation has allowed us to standardise templates, compliance training and management guidelines across four small grant programs.

The program supported the implementation of the Bougainville Peace Agreement’s autonomy arrangements through the provision of comprehensive advisory support to the ABG. Under the Bougainville Senior Leaders Training program, we delivered tailored leadership training for more than 30 senior public servants and ABG ministers—including cabinet ministers and departmental secretaries—supplemented by one-on-one coaching on major policy projects. Assessments conducted before and after each module indicated the training was effective at increasing participants’ understanding of the ABG’s functions. The ongoing effectiveness of this training will include an end-of-program evaluation to examine how participants are applying this knowledge in the workplace. We also helped the ABG recruit eight permanent departmental secretaries and develop a more sustainable structure for the ABG public service.

Our support for the ABG’s inaugural Bougainville Chocolate Festival in July 2016 fostered new market opportunities for farmers, provided a platform for technical exchange between cocoa experts and farmers, and promoted the cocoa industry as an economic opportunity. Two early indicators of success: local nurseries soon sold out of cocoa seedlings; and a gold medal winner began selling his products directly to a chocolate-maker in Australia.

Economic development

The flagship of Australia’s economic assistance in Bougainville is the Commodity Support Facility (CSF), a program that supports the agricultural, forestry and marine resources sectors. In April 2016, the CSF awarded grants to 800 cocoa farmers from 16 groups across Bougainville to improve the quality and quantity of their crops. The Australian Centre for International Agricultural Research (ACIAR) is supporting this work through an agriculture project (\$6.6 million, 2016-2021) which aims to improve farm techniques to increase the production and quality of cocoa.

Our economic assistance also seeks to build Bougainville’s investment climate, business environment and trade links. Australia supported engagement by the Australia-Papua New Guinea Business Council and the Cairns Chamber of Commerce, which promoted investment in Bougainville. The success of the activity was demonstrated by the ABG’s decision to encourage continuing engagement by business, including by hosting a business forum in Bougainville in 2018. Australian development assistance supported the formation of business associations in Buka and Buin, which have enhanced dialogue between business and government.



Peacebuilding

The Bougainville Peace Building Program (BPBP), a joint initiative of Australia and the ABG, continued to strengthen the foundations of peace and stability. In 2016-17, BPBP grants were awarded to Bougainville's 13 District Peace and Security Committee (DPSC) to help them undertake reconciliation activities in order to resolve outstanding disputes from the Bougainville crisis. The DPSCs were also supported through induction, mentoring and training activities to manage grant funding and facilitate reconciliations within their communities.

Recognising the importance of youth to Bougainville's peace, stability and economic development, Australia continued to implement the \$4.5 million Bougainville Youth Initiative. This support was implemented through our delivery partners: the Adventist Development and Relief Agency; Caritas; Credit Union Foundation Australia; Plan International; and World Vision Australia. Nearly 9,000 youth have benefited from financial and entrepreneurship training, agricultural opportunities and leadership training including a mock parliament and youth congress. We provided on-the-job training through career-readiness programs, which, for some, led to permanent jobs.

Empowering women and youth

In 2016-17, our activities contributed to the crosscutting objectives of empowering women and youth. With the support of the Australian Electoral Commission, the ABG enacted community government legislation that provided for the election of one man and one woman in each of Bougainville's 422 wards. This was a significant step for equal representation in Bougainville and a first for Papua New Guinea. Grants awarded under the CSF had a strong gender balance, with women cocoa farmers accounting for 40 per cent of grant awardees.

Health, education, law and justice, and transport infrastructure


Our Papua New Guinea-wide programs made significant progress in Bougainville. We completed the construction of the 44-bed Mabiri Juvenile Rehabilitation Centre, the first facility in Papua New Guinea for rehabilitating and reintegrating young offenders. We continued to support the \$9.8 million refurbishment of the Arawa Hospital—including upgrades to the operating theatre, the labour ward, the maternal and child unit, and the accident and emergency unit—which will significantly expand and enhance health services for the people of Central and South Bougainville.

We enhanced education outcomes for Bougainvilleans. In partnership with the Digicel Foundation, we constructed a community library in Buka and five double classrooms at primary schools across Bougainville. This complements the ongoing construction of 18 other primary school infrastructure support packages in Bougainville. We funded 12 Bougainville TVET teachers to undertake the Certificate IV Training and Assessment course through APTC, supported 17 Bougainville students who are studying in Australia under the Australia Awards program, and provided scholarships for 31 Bougainville students to attend partner institutions in Papua New Guinea.

We maintained 318 kilometres of Bougainville's road network, including resealing roads in and around Arawa and Kieta Port, which provided greater connection to services, improved access to markets, and casual employment for around 16,500 Bougainvilleans, including almost 5,000 women.

Management of risks

The sensitive political environment in which we operate in Bougainville places a premium on consultation with stakeholders, especially the Papua New Guinea Government and the ABG. The program maintains a close relationship with the National Coordination Office for Bougainville Affairs, including in oversight of our governance support to Bougainville. We have also engaged closely with Bougainville's leadership and at the administrative and community level to ensure the nature and purpose of our programs are understood and our activities are conducted transparently and is aligned with our shared priorities.



The relative success of our support for cocoa under the CSF risks drawing attention away from other sectors of potential economic growth. To support greater economic diversification, the CSF steering committee agreed to expand assistance to fisheries, fresh fruit and vegetables, and poultry and livestock in 2017-18.

We implemented a program-level risk matrix to manage possible risks arising out of the consolidation of the governance, economic development and peacebuilding programs into the PGF. For example, high-level risks to our objective of strengthening core government functions include the low capacity of the ABG, budget constraints at the national level, and poor leadership and governance practice. Our program activities, which aim to strengthen public financial management, senior leadership skills, and revenue generation, serve as mitigation strategies for these risk factors.

Climate change, disaster preparedness and response

PNG is ranked number 10 on the World Risk Index, which ranks countries according to their vulnerability to natural disasters²⁶. Australia is committed to supporting Papua New Guinea's climate change and disaster risk management efforts, as well as to managing climate and other disaster risks in our aid investments. We have worked to strengthen national and community level disaster management and resilience building efforts before, during and after disasters in Papua New Guinea. Levels of assistance for climate change are increasing, and between 2015 and 2018, Australia will provide \$118.5 million in climate change support to Papua New Guinea. We are also working with other donors and international financial institutions to help Papua New Guinea secure access to international sources of climate-related development funding such as the Green Climate Fund.

The Papua New Guinea Aid Investment Plan commits to taking climate and other disaster risks into account across the program, as is reflected in our infrastructure investments in the transport, health and education sectors. This is in line with the Framework for Resilient Development in the Pacific (FRDP) launched by Pacific Island Leaders' in 2016, which calls donors and development partners to take an integrated approach to managing climate change and disaster risk and resilience building.

Climate change


Papua New Guinea is committed to achieving its Nationally Defined Contribution (NDC) under the Paris Agreement on Climate Change, including to transition to a low carbon economy with 100 per cent renewable energy by 2030. Its NDC also makes adaptation a high priority and calls for financial support and capacity building to help Papua New Guinea deal with climate change. Climate change is identified as a strategic focus in Papua New Guinea's *Papua New Guinea Vision 2050*, and this is set out in the *Strategic Program for Climate Resilience*. It is also a priority of the new Papua New Guinea Government's *Alotau Accord II*. The Aid Investment Plan commits Australia to factoring disaster risks into decisions on significant investments.

A stocktake of the Papua New Guinea program's climate change investment was undertaken in 2016-17 as part of Australia's commitment to support the Pacific islands on climate change. The stocktake identified a total development assistance investment of \$42.9 million in 2016-17, comprising \$1.9 million on programs with climate change as a primary objective, and \$41 million on programs with climate change as a secondary objective.

Primary climate change investments mainly comprised technical assistance valued at \$1.5 million to fund UNDP work to help build the capacity of Papua New Guinea's Climate Change Development Authority (CCDA). The CCDA was formally established in 2016. It is responsible for administering the *Climate Change (Management) Act 2015*, implementing climate change-related policy, strategies and plans, managing climate change information, and coordinating Papua New Guinea's climate change action.

Establishment of the CCDA was an important step for Papua New Guinea to gain access to international climate finance, particularly through the Green Climate Fund (GCF). There are three pipeline projects under

²⁶ United Nations University, 2016, World Risk Report



development for potential GCF investment: renewable energy generation (ADB); early warning systems and climate weather services (UNDP); and securing forestry management with landowners (International Union for the Conservation of Nature).

In November 2016, Australia helped convene a national GCF workshop to progress these proposals and overcome barriers to Papua New Guinea accessing GCF funding. We also facilitated a mission by the Global Green Growth Institute (GGGI), which has since been confirmed as Papua New Guinea's preferred delivery partner for technical advisory needs and capacity development. Australia continues to support the ADB's US\$27 million 'Building Resilience to Climate Change in Papua New Guinea' project, which will assist CCDA to strengthen governance and financial management, and will conduct a climate impact vulnerability assessment to inform investment planning for further GCF proposals.

Australia's secondary climate change expenditure mainly consists of investments in transport, health and education infrastructure, health measures, and disaster risk reduction. For example, buildings funded by our development assistance are designed for sustainability, energy efficiency and where possible for low carbon-embodied materials. Our disaster preparedness work bolsters the technical capabilities of Papua New Guinea's response agencies to monitor climate events and support communities with response efforts.

Australia is in a strong position to support future climate change efforts in Papua New Guinea, building on our catalytic role with the GCF and potential for a stronger leadership role among donors to support the CCDA. For bilateral investments, a new climate change integration plan for 2017-18 will provide guidance to program managers to identify, track and report on their climate change outcomes and activities, and to incorporate climate change into new program designs.

Disaster Preparedness and Response

Papua New Guinea's National Disaster Centre (NDC) is responsible for the development and maintenance of measures to reduce risk to communities and manage the consequences of disasters in Papua New Guinea. Australia assists Papua New Guinea to develop its disaster response capacity through a range of measures. These include ongoing technical support to the NDC, and work with international partners to strengthen Papua New Guinea's disaster response system. Australia is providing technical assistance through Geoscience Australia to build the capacity of early warning systems for geo-hazards such as volcanoes. And we are also supporting the Red Cross Society to enhance its capacity to prepare for and respond to disasters.

Looking forward, the new Pacific Capability Component of the Australian Humanitarian Partnership (2017-2022) (AHP) will provide an opportunity to strengthen the ability of local communities and organisations in Papua New Guinea to prepare for and manage disasters. It is expected that up to \$5 million of PACAP funding will be available to AHP partners for this purpose from 2018 to 2022.

In 2016-17, there were no significant disasters in Papua New Guinea that required Australian assistance, however, Australian support to communities affected by the 2015-16 drought continued to be delivered on a small scale through the Church Partnerships Program, CARE International, Oxfam and the Papua New Guinea National Agricultural Research Institute. If the Papua New Guinea Government makes a request for international assistance in the event of a significant disaster, Australia has the capacity to rapidly deploy humanitarian assistance to Papua New Guinea in conjunction with humanitarian partners.

Management Actions

Climate change and disaster resilience are not referenced in the current Aid Partnership. The Department of Foreign Affairs and Trade (DFAT) will formalise its engagement with Papua New Guinea on climate change by incorporating it into the development of the new partnership and planning documents. DFAT will also be guided by the results of the climate stocktake and associated integration plan that enables program managers to identify, track and report on climate change outcomes and activities in their sectors. On disaster preparedness and response, Australia will continue to maintain contingency funding in its bilateral and humanitarian budgets for possible disasters and will continue to assist Papua New Guinea to monitor disaster risks.



MUTUAL OBLIGATIONS

Mutual commitments between the Australian and Papua New Guinea governments were negotiated as part of the Aid Partnership, which was signed on 3 March 2016. The Aid Partnership period is 1 January 2016 to 31 December 2017.

The mutual commitments include: maintain a zero tolerance to fraud; work together to promote gender equality and women's empowerment; address family and sexual violence; increase efforts to address tuberculosis; strengthen public service capabilities through the Pacific Leadership and Governance Precinct; and continue to implement the Joint Understanding. Australia's development assistance is consistent with Papua New Guinea's Constitution and National Goals and Directive Principles. Australia's progress against these commitments, where it relates to program outcomes, is reported above. In accordance with the DFAT *Making Performance Count* framework, Australia's aid program in Papua New Guinea has developed and implemented fraud control and anti-corruption strategies to safeguard Australian development assistance, and help address fraud and corruption risks.

Australia and the newly elected Government of Papua New Guinea will work towards a new Partnership in advance of the 2018 Ministerial Forum.

PROGRAM QUALITY AND PARTNER PERFORMANCE

In 2016-17, we finalised the Performance Assessment Framework (PAF) for the program (Annex E). The PAF is designed to demonstrate performance and adequacy of progress in the Australian aid program in Papua New Guinea. It reflects the strategic direction for development cooperation set out in the DFAT *Aid Investment Plan Papua New Guinea 2015-16 to 2017-18*; agreements between Australia and Papua New Guinea in the *Aid Partnership Arrangements (2016-17)*; and the *Joint Understanding on Further Bilateral Cooperation on Health, Education and Law and Order*. The PAF also reflects an economic and political relationship, which is enhanced by, but much more than, development cooperation.

This APPR reports results against targets set out in the *Aid Investment Plan 2015-16 to 2017-18* (AIP), PAF and, where relevant, other documents such as the *Joint Understanding*. The AIP sets out ten Performance Benchmarks, which were updated in the 2015-16 APPR. The PAF sets out 21 indicators, which complement the AIP Performance Benchmarks and align with the strategic forward direction of Australia's development cooperation. The results set out in the PAF expand the baseline against which future progress will be measured. The approach taken is innovative in that we are collecting data from different sectors and programs to report against individual indicators under multi-sectoral outcomes, and focussing on measuring our contribution to policy change.

The PAF is one part of a broader performance assessment system that includes aggregate development results, investment quality reports, this APPR, diplomatic reporting, and systematic monitoring and evaluation of each investment. Investment Quality Reporting (IQR) is undertaken annually to review the performance of contractors, investments, sectors and the overarching program. For the third time on record, in 2016-17 the Papua New Guinea program achieved 100 per cent compliance on all quality processes. The program completed 15 Aid Quality Checks (AQC), 3 Final Aid Quality Checks (FAQCs) and 21 Partner Performance Assessments (PPAs), which generated evidence-based assessments of progress and reviewed and updated management actions. This APPR draws on these products. The approach to the IQR process in 2016-17 was more rigorous than in the past, to enable us to better understand what works and what does not, and to inform decisions made by departmental management, staff and delegates. Importantly, it provided more robust evidence-based data to support the claim that Australia's aid investments are largely working as intended, despite Papua New Guinea development levels stagnating or declining across the priority sectors.

The program makes use of evaluations and reviews and this is evidenced through annual investment quality reporting and aid program performance reports (this APPR) which feed into our design processes. For



example, in 2016-17, the law and justice program successfully reviewed the performance of the Village Court Officials' Training to confirm the effectiveness of Village Court systems to inform future support. The forward evaluation pipeline is at Annex C. Planned evaluations focus on programs for which extensions are being considered as well as assessing outcomes of several large investments coming to an end.

The program's scores on women's empowerment and gender equality remain above the Departmental target (requiring 80 per cent of all investments to score satisfactorily on this criterion by 2017) for the third year in a row. The Papua New Guinea program developed a gender action plan in 2015 to strengthen our gender programming, and improve our measurement of outcomes. We have integrated gender into the PAF and worked with implementing partners to agree to strategies for gender mainstreaming.

Aid Quality Checks

A total of 15 AQC and three FAQC reports were completed in early 2016, as part of the annual aid program performance cycle. As for the three previous years, these were independently moderated by DFAT's Principal Specialist for Performance Management and Results, and members of the Papua New Guinea program, including the Gender Counsellor to ensure robustness of scores and narratives for the criterion.

While Australia's investments in Papua New Guinea are largely working as intended, in 2016-17 a decline in scores can be attributed to management increasingly demanding more robust and evidence-based data linking inputs and outputs to higher level outcomes.

Most of the investments assessed in the review were relevant to the development context and/or as a tool of foreign diplomacy and most investments continued to perform well in 2016-17. The program's best performing investments are: the Australia Awards Scholarships Papua New Guinea; the Papua New Guinea-Australia Transport Sector Support Program Phase 2; the Incentive Fund Phase IV 2015-2021; and the Gender Equality/Gender Based Violence investments.


Four investments have been deemed investments requiring improvement. The Health and Education Procurement Facility (HEPF) will end this financial year. The Strongim Gavman Program (SGP) has been redesigned and rebadged as the Institutional Partnerships Program. The Papua New Guinea Governance Facility (PGF) and the Papua New Guinea Health and HIV Financing Program are ongoing and both investments are managing underperformance through a remediation plan and enhanced senior level oversight.

Performance of key delivery partners

Our assessments found that the majority of our key delivery partners performed effectively during 2016-17. The majority of our ODA in Papua New Guinea continues to be delivered through managing contractors, and a significant amount is delivered through Australian and local NGOs as well as international and multilateral organisations. Twenty-one PPAs were completed for agreements valued at over \$3 million in 2016-17. Analysis of the PPAs and the AQCs indicates that the performance of contractors continues to be of a 'good' standard.

In 2016-17, the Papua New Guinea program made a significant change to the delivery of the Governance program, by consolidating Australia's support for governance into a single delivery mechanism. The PGF will generate programs under the direction of the Papua New Guinea and Australian governments and in doing so, intends to achieve greater flexibility to respond to Papua New Guinea's complex political and operating environment. The initial set up was slower than expected, however, the PGF effectively transitioned support from ongoing existing programs, with 37 grants novated or established in the six months from July 2016. A long-term delivery strategy for the implementation of new programs from July 2017 was finalised.

In the health, education and transport sectors, Australia has engaged other managing contractors to manage service delivery and infrastructure projects, including design and implementation services for the aid program. We will continue to use managing contractors where they represent the most effective delivery



model and rigorously assess their performance to ensure that they continue to represent the best value for money for Australian taxpayers.

Australia values the ongoing engagement and development impact that Australian NGOs will continue to have on communities in Papua New Guinea. Australia's partnerships with Australian NGOs during 2016-17 have continued to provide excellent engagement opportunities for the Australian Government in key sectors.

Australia continues to consider opportunities work with Papua New Guinea national-NGOs. For example, the Papua New Guinea program has established the Papua New Guinea Partnership Fund (PPF). The PPF is a results based mechanism that supports the delivery of proven interventions at scale. It targets some of Papua New Guinea's poorest areas and encourages a range of partners – civil society, Foundations, Government and the churches – to work together to address human and economic challenges. The Fund supports projects of \$3 million to \$10 million per annum over three years. Partner co-financing is a requirement and implementing partners receive funding on the verification of results achieved.

The United Nations remains an important development partner in Papua New Guinea and Australia continues to work closely with key UN agencies such as UNDP, UNICEF and WHO. We are promoting greater UN coherence in Papua New Guinea by funding all UN agencies in Papua New Guinea through the One UN Fund.



KEY MANAGEMENT ACTIONS

Strategic

- Finalise Sector Investment Plans for health and education to guide investments and measure results against both development outcomes and broader relationship objectives.
- Review the program-wide Performance Assessment Framework after its first year of operation to assess its effectiveness in measuring development outcomes and broader objectives and to set new multi-year benchmarks.
- Ensure independent and internal evaluations and audits are conducted and published to enable better judgements of the effectiveness and value for money of activities and partners.
- Negotiate a new partnership with the Papua New Guinea Government to better align programs with economic and strategic objectives.
- Work with the Papua New Guinea Government to leverage greater financing to deliver on its economic, security, infrastructure and social priorities, and to continue to explore opportunities to work in cooperation with other partners to achieve these objectives.
- Australia will formalise its engagement with Papua New Guinea on climate change by incorporating it into the development of the new partnership and planning documents. DFAT will also be guided by the results of the climate stocktake and associated integration plan that enables program managers to identify, track and report on climate change outcomes and activities in their sectors.

Operational

- Australia and the PGF managing contractor will focus on improving governance program delivery, developing and implementing new governance programs and integration of gender in all governance program activities. A Quality Technical Advisory Group (QTAG) to provide independent performance and quality review of the PGF's programs will be established and begin operations in early 2018.
- The gender program will review the effectiveness of the Gender Action Plan and associated guidance to staff, to ensure they are fit for purpose to guide aid investment planning. In light of the reduction in gender team staffing, the program will take steps to ensure sufficient resources are allocated to implement and monitor the Gender Action Plan and achieve Australia's gender objectives, including by recruiting a Gender Adviser and ensuring that the Multi-Agency Working Group on Gender led by the Minister Counsellors continues to provide senior leadership of this agenda.
- The education program will develop a new Australia Awards Papua New Guinea monitoring and evaluation framework to address issues including how the program will deal with gender barriers and align with the global Australia Awards monitoring and evaluation framework.
- The transport program will negotiate with the Papua New Guinea Government the recommendations of an evaluation of the TSSP by the Office of Development Effectiveness, and publish a management response to the recommendations.

RISKS

Table 3: Management of Key Risks to Achieving Objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging/ongoing risks provide a Risk Rating (low, medium, high, very high)	Are these same risks in in Post's Risk Register?
The bilateral relationship deteriorates, impacting our ability to deliver the aid program.	We have invested in consistent, strong communication with the PNG Government.	We will continue to build strong relationships with key Papua New Guinea Government counterparts including new Ministers elected at the 2017 elections, to deliver an effective, efficient and resilient aid program.	Medium	Yes
Fraud, corruption and other non-compliance with DFAT policies so that program outcomes are put at risk.	Ongoing monitoring of due diligence (fraud, child protection), gender, disability and other policies.	We will improve oversight of compliance through more structured monitoring visits and reporting. We will track risk registers, and have instituted an internal audit panel.	Medium	Yes
Staff capacity and expertise decreases, jeopardising the effective delivery of the program.	We invested in recruitment, short term missions, training, communication, coordination, and teamwork, including more effective desk-post engagement.	We will continue to work together with Canberra and review training requirements.	Medium	Yes
Oversight and implementation of the Gender Action Plan and gender programming suffers following the planned downsizing of the gender team.	Staff were recruited to fill temporary gaps in the gender team. Specific actions to strengthen gender mainstreaming were identified in the Gender Action Plan Annual Report. Minister Counsellors will monitor to ensure that gender mainstreaming across all sectors remains on track and the Multi-Agency Working Group on Gender continues to oversee the Gender Action Plan and Annual Report.	We will recruit a Gender Adviser to support gender mainstreaming across Post. We will implement clear processes to capture knowledge of departing staff.	Medium	Yes
A natural disaster impacts on our ability to deliver on our investments.	Our investments take into account and actively manage for Papua New Guinea's vulnerability to natural disasters.	Individual plans will continue to be reviewed, including externally, and updated as appropriate.	Medium	Yes
Failure or perceived failure to deliver on our aid investments, undermining program delivery and leading to a loss of Australia's reputation	We developed sector investment plans and delivery strategies to guide our investments and increased the number of internal evaluations and audits.	We will continue to establish Performance Assessment Frameworks, improve monitoring, conduct regular evaluations and risk discussions, and pay particular attention to higher risk investments.	High	Yes

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management actions identified in 2015-16 APPR	Rating	Progress made in 2016-17
Improve program cohesiveness and continue the consolidation of investments through implementing the Papua New Guinea Governance Facility.	Achieved	Progress was made and some Gender Action Plan targets were met. However, implementation was uneven across the Australian High Commission, and there was a reduction in the proportion of gender spending through Australia's aid investments. This reflects resourcing challenges and the need to increase efforts to promote gender equality issues, including through Australia's diplomatic and economic engagement.
Prioritise support with partners for Papua New Guinea's delivery of the 2017 elections.	Achieved	Australia provided early, consistent and targeted technical and logistical assistance to support the Papua New Guinea Electoral Commission, Papua New Guinea Defence Force and Royal Papua New Guinea Constabulary deliver Papua New Guinea's 2017 national election.
Finalise a design for the next phase of the Kokoda Initiative that will better and more flexibly respond to the development priorities of Kokoda Track communities, protect the environment and the cultural and historical heritage of the region and further strengthen the capacity of Papua New Guinea's Kokoda Track Authority to keep the track open and safe.	Achieved	A high-level design, which outlines the rational, goal and objectives of Australia's support under the Kokoda Initiative has been completed. This will be published on the DFAT website in 2017.
Update the Papua New Guinea aid program's four year evaluation pipeline in consultation with DFAT's Office of Development Effectiveness (ODE) to support the current Papua New Guinea program management cycle.	Achieved	Post and ODE identified five evaluations to undertake in 2017. All are on track for completion this year. In addition, we are also leading or participating in four additional evaluations (Papua New Guinea Gender Country Program, Papua New Guinea Elections Support, Australia Awards in-Country Program, Church Partnership Program Phase 2). The Papua New Guinea program has completed 20 evaluations since 2015 and has commenced the process of publishing them, with five released publically this year. We have identified five additional evaluations to undertake in 2018, and are working on the evaluation plan for 2019 and 2020.
Manage the transition to future advisory support, including donor coordination, through the Joint Working Group with Papua New Guinea.	Partly achieved	Australia, in consultation with the Papua New Guinea government, has introduced the Institutional Partnerships Program to ensure improved coordination of advisory support across the Papua New Guinea programs.
Agree and commence implementation of new activities to support the law and justice sector.	Achieved	In August 2016, more than 180 partners and stakeholders participated in five planning workshops resulting in the development of more than 130 Papua New Guinea Government sector-led activity proposals, which were included in the JSS4D Program Annual Plan 2016-17. Through the National Coordination Mechanism (NCM), the law and justice sector leaders endorsed the Annual Plan in November 2016. Implementation activities are underway.
Update the design of the Pacific Leadership and Governance Precinct ensuring it has a clear theory of change, simplified monitoring and evaluation structure and sustainability plan.	Partly Achieved	A Monitoring and Evaluation workshop with key stakeholders was held to inform the Design Update (to be completed in 2017-18).
Prepare and implement sector investment plans for the education and health programs. The five-year education sector investment plan will guide our support to Papua New Guinea to implement reforms in the education sector. The health sector investment plan will inform future investment in areas including health financing and public financial management.	Achieved	The education plan was prepared following significant consultation with education sector partners. The plan is in the final stages of endorsement with government partners and is currently being implemented through the draft Education design. A health sector investment plan has been drafted which provided a framework for the design of DFAT's support to the Papua New Guinea health sector going forward.

<p>Prepare a Performance Assessment Framework for the Papua New Guinea aid program that outlines the expected results to be achieved by Australian aid investments and how these will be measured.</p>	<p>Achieved</p>	<p>A Performance Assessment Framework was finalised after extensive consultation between DFAT Canberra and the Australian High Commission, Port Moresby.</p>
<p>Improve monitoring and evaluation and other program management through the Program Effectiveness team at the Australian High Commission, Port Moresby managing aid training for the Papua New Guinea program.</p>	<p>Achieved</p>	<p>The Program Effectiveness team identified training required to improve M&E and program management. Training programs for both A-based and LES staff held at Post included: contracts management; aid management; financial management; design; audit and risk management training; and humanitarian training conducted by RedR. Post also trialled using an external project management provider to deliver PRINCE2 training for a select group of staff. This was well received. In addition, staff travelled to Canberra for humanitarian, consular and program management training. A forward program of training has been developed to continue improving program management skills at Post.</p>
<p>Continue to implement the Gender Plan of Action for Port Moresby post to strengthen outcomes for women and girls through Australian engagement and investment in Papua New Guinea.</p>	<p>Partly Achieved</p>	<p>Progress was made and some Gender Action Plan targets were met. However, implementation was uneven across Port Moresby Post, and there was a reduction in the proportion of gender spending through Australia's aid investments. This reflects resourcing challenges and the need to increase efforts to promote gender equality issues, including through Australia's diplomatic and economic engagement.</p>
<p>Continue to support the implementation of the Daru Accelerated Response for Tuberculosis (TB) and encourage Papua New Guinea to provide sustainable adequate funding for the response and to seek new sources of external funding.</p>	<p>Achieved</p>	<p>Australia continues to support the Daru Accelerated Response for TB and has worked with the Papua New Guinea Government to provide sustainable funding for the response, including supporting Papua New Guinea secure a \$15 million World Bank loan to address multi-drug resistant TB in two of the most affected provinces.</p>
<p>Roll out significant industry assistance in Bougainville aimed at boosting sustainable cocoa production and other primary industries prioritised by the Autonomous Bougainville Government.</p>	<p>Achieved</p>	<p>The Commodity Support Facility awarded grants to 800 farmers across Bougainville to improve crop quality and quantity. This was supported by ACIAR programs on farming techniques, the Bougainville Chocolate Festival (which promoted local chocolate to international buyers), and business engagement forums.</p>

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

ANNEX B – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2016-17

Aid objective	Performance Benchmark	Target	Rating	Progress in 2016-17
Promoting Effective Governance				
1.1: Improved services delivered by the public sector	Number of women and men in the public service trained in core skills*	Women: 3,000 Men: 4,000 Total: 7,000	Partly achieved	Through the Papua New Guinea Governance Facility, Australia trained 6,301 public servants.
1.2: Improved law and justice services	Number of survivors of violence receiving services, such as counselling**	Women: 15,000 Males: 400 Total: 15,400	2016-17 figures not available	11,240 survivors of violence accessed support services from Royal Papua New Guinea Constabulary Family and Sexual Violence Units in 2015. The 2016-17 data is incomplete and updated figures will be included in future reporting. We expect the figures will be as high or higher for 2016-17.
	Number of police and law and justice officials trained	Women: 1,300 Men: 3,200 Total: 4,500	Achieved	1,444 women and 3,595 men were trained.
Enabling economic growth				
2.1: Private sector plays a greater role in economic development	Increase to 30% of the aid program focused on private sector led growth and aid for trade***	27%	Achieved	This result includes significant investments in the transport sector, private sector and rural development and contributions to the International Finance Corporation and World Bank to improve Papua New Guinea business' ability to access markets.
	Number of poor women and men who increase their access to financial services	Women: 16,000 Men: 24,000 Total: 40,000	Achieved	The Asian Development Bank's Microfinance Expansion Project provided financial literacy training to approximately 46,000 people (23,000 women).
2.2: Improved road infrastructure increasingly connects producers with consumers	Targeted investments contribute to sustained improvements in the national road network. (Assessed by kilometres of roads that are subject to design/routine maintenance / periodic maintenance and rehabilitation)	Routine: 700 km Design: 100 km Total: 800 km	Partly achieved	760 kilometres of priority roads across 12 Papua New Guinea provinces and the Autonomous Region of Bougainville were maintained in 2016-17. The partial achievement of this target is attributed to the need to fund a number of large capital projects.

Aid objective	Performance Benchmark	Target	Rating	Progress in 2016-17
Enhancing human development				
3.1: Improved infrastructure provides access to education	Number of school buildings constructed, maintained, refurbished or rehabilitated	30	Achieved	101 buildings were constructed, maintained, refurbished or rehabilitated. This includes 40 classrooms, and 11 teachers houses, along with construction, upgrade and/or and maintenance of school rainwater tanks, ablution blocks and other WASH facilities.
3.2: The quality of key services and access to education are improved	Number of additional girls and boys enrolled in school	Girls: 75,000 Boys: 84,500 Total: 159,500	Partly Achieved	Girls: 58,632 Boys: 49,839 Total: 108,471 These figures are lower than forecast due to more robust process in 2017 calculation of this figure, and a shifting focus of the program towards education quality improvements, as well as access.
	Improve Gross Enrolment Rate (GER) at Grade 5 (six years of schooling) for girls and boys, ensuring more girls in particular are reaching the upper primary education levels	Girls GER: 81.0 per cent Boys GER: 93.5%	2016-17 figures not available	
3.3: The quality of key services in health and HIV/AIDS are improved	Number of additional births attended by a skilled birth attendant****	9,500	Achieved	Australia contributed to 13,332 births supervised by skilled birth attendants.

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

*Excludes number of police and law and justice officials trained.

**These benchmarks reflect results from Australia's programs across Papua New Guinea, including in the Autonomous Region of Bougainville.

***This performance benchmark captures not only our aid for trade investments but also our investments in private sector led growth, such as support to the Asia Pacific Technical College-Papua New Guinea.

****DFAT aggregate development result, based on a pro-rata assessment of Australia's financial contribution to the health sector in Papua New Guinea.

Aid Investment Plan Performance Benchmarks for 2017-18

Aid objective	Performance Benchmark	2017-18
Promoting Effective Governance		
1.1: Improved services delivered by the public sector	Number of women and men in the public service trained in core skills	2,461
1.2: Improved law and justice services	Number of survivors of violence receiving services, such as counselling	Women: 16,000 Men: 500 Total: 16,500
	Number of police and law and justice officials trained	Women: 1,135 Men: 3,040 Total: 4,175
Enabling economic growth		
2.1: Private sector plays a greater role in economic development	Increase to 30% of the aid program focused on private sector led growth and aid for trade	30%
	Number of poor women and men who increase their access to financial services	Women: 16,000 Men: 24,000 Total: 40,000
2.2: Improved road infrastructure increasingly connects producers with consumers	Targeted investments contribute to sustained improvements in the national road network. (Assessed by distance (km) of roads that are subject to design/routine maintenance / periodic maintenance and rehabilitation)	Distance (km) of roads that are subject to routine maintenance / periodic maintenance and rehabilitation: 1000km
Enhancing human development		
3.1: Improved infrastructure provides access to education	Number of school buildings constructed, maintained, refurbished or rehabilitated	20 This figure is lower than in 2016-17 due to 1) exceeding targets in construction in 2016-17 and 2) a shift away from infrastructure under the new Education program.
3.2: The quality of key services and access to education are improved	Number of additional girls and boys enrolled in school	100,000

ANNEX C- EVALUATION PLANNING

Three evaluations commenced in the reporting period and were continuing in 2017-18.

List of program prioritised evaluations planned for 2017-18

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Australian Transport Sector Support Program Phase 2	INK081	December 2016	September 2017	The evaluation aims to improve the performance of this \$400m investment, which focusses on building a safe, reliable transport system.	Mid-term review
Bougainville Governance Program	INL541	July 2017	September 2017	The evaluation will review the success and improve the performance of Australia's capacity building support for the Autonomous Bougainville Government.	Mid-term review
Australian response to El Nino in Papua New Guinea	INL847	June 2017	September 2017	The evaluation will examine Australia's response to El Nino in Papua New Guinea to inform future humanitarian efforts.	End of program assessment
Papua New Guinea Health and HIV Multilateral Partnerships	INJ858	October 2017	December 2017	The evaluation will review the success of Australia's \$68.5m support to multilateral organisations working to improve health outcomes in Papua New Guinea.	Mid-term review
Pacific Women Shaping Pacific Development, including Papua New Guinea bilateral funding	INL847	December 2016	October 2017	The evaluation will review the achievements and challenges of the \$58m Papua New Guinea component of this investment.	Mid-term review
Australia's support for Papua New Guinea's 2017 national election	INJ466	September 2017	March 2018	Review lessons learnt to inform future support.	Mid-term review

ANNEX D- AID QUALITY CHECK RATINGS

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Education Program	\$285m	2017 AQC	4	4	5	4	4	4
	2011-17	2016 AQC	6	5	5	3	5	4
Australia Awards PNG	\$175m	2017 AQC	5	5	5	4	5	5
	2016-2021	2016 AQC	n/a	n/a	n/a	n/a	n/a	n/a
Health Capacity Development & Service Delivery	\$292m	2017 AQC	4	4	4	3	4	4
	2011-17	2016 AQC	6	5	5	3	5	4
PNG Health & HIV Multilateral Partnerships	\$68m	2017 AQC	6	5	5	4	5	4
	2011-16	2016 AQC	6	5	5	5	5	5
PNG Health & HIV Financing Program	\$49m	2017 AQC	3	3	1	1	5	2
	2013-17	2016 AQC	5	5	4	3	5	5
Transport Sector Support Program – Phase 2	\$370m	2017 AQC	6	5	5	4	5	4
	2015-19	2016 AQC	6	5	5	5	5	4
Incentive Fund Phase IV	\$100m	2017 AQC	5	6	5	5	5	5
	2015-21	2016 AQC	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Justice Services Stability for Development	\$100m	2017 AQC	5	4	4	4	5	4
	2015-19	2016 AQC	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt

Supporting Electoral Process in PNG	\$30m 2011-18	2017 AQC 2016 AQC	6 5	5 5	5 5	4 3	4 4	4 4
PNG Governance Facility	\$390m 2014-20	2017 AQC 2016 AQC	5 n/a	3 n/a	3 n/a	3 n/a	4 n/a	3 n/a
Private Sector and Rural Development	\$63m 2014-20	2017 AQC 2016 AQC	5 6	4 3	4 4	4 4	4 4	4 4
Gender Equality / Gender Based Violence	\$60m 2008-20	2017 AQC 2016 AQC	6 6	5 5	5 5	5 5	6 3	5 6
Sports for Development	\$10m 2015-18	2017 AQC 2016 AQC	5 4	4 3	3 4	4 4	5 3	5 5
Bougainville Programming	\$19m 2014-20	2017 AQC 2016 AQC	5 Exempt	4 Exempt	4 Exempt	3 Exempt	4 Exempt	4 Exempt

FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Health and Education Procurement Facility (HEPF)	\$272m 2014-17	3	2	4	2	4	4	4
Strongim Gavman Program	\$302m 2009-17	4	3	3	3	2	3	3
Papua New Guinea Drought	\$9m 2015-17	5	6	5	5	5	3	5

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.

ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

Performance Assessment Framework for Australian Development Cooperation in Papua New Guinea 2016-17

Shared Development Objective to 2017–18: Economic and strategic partnership that contributes to sustained and inclusive economic growth in Papua New Guinea

	Indicators	2016-17
Strategic Objective 1	Promoting effective governance	
Sub-objective: Developing public sector leadership		
	Number of women and men trained and engaged by Papua New Guinea in positions where they can practice new knowledge and skills	14,990
	Number of women and men graduating from courses delivered by the Pacific Leadership and Governance Precinct	466
Sub-objective: Integrating partnerships to improve access to services		
	Number of partnerships	<i>Insufficient data for 2016-17</i>
	Number of women, men and youth using improved services provided by civil society, private sector partners or sub-national governments	254,345
Sub-objective: Effective law and justice system		
	Number of women and men and youth with improved access to justice services	1,475,014

Sub-objective: policy influence: *Insufficient data for 2016-17*

Shared Development Objective to 2017–18: Economic and strategic partnership that contributes to sustained and inclusive economic growth in Papua New Guinea

	Indicators	2016-17
Strategic Objective 2	Enabling economic growth	
Sub-objective: Well-maintained economic and social infrastructure		
	Length of Papua New Guinea priority roads maintained	760.3 km
Sub-objective: More effective transport safety systems		
	Number of airports, maritime or other safety systems upgraded	The upgrade of the Global Maritime Distress Safety System effectively improved the safety of seafarers operating throughout the waters of Papua New Guinea
Sub-objective: Catalyse inclusive economic growth		
	Value of private sector investment leveraged (AUD)	<i>Insufficient data for 2016-17</i>
	Value of new development investment attracted to Papua New Guinea facilitated by or value-added to by Australia	<i>Insufficient data for 2016-17</i>
	Number of women & men with better access to financial services	46,000
	Number of women and men with better access to markets	324,459

Sub-objective: policy influence: *Insufficient data for 2016-17*

Shared Development Objective to 2017–18: Economic and strategic partnership that contributes to sustained and inclusive economic growth in Papua New Guinea

	Indicators	2016-17
Strategic Objective 3	Enhancing human development	
Sub-objective: More effective education service delivery system		
	Number of school buildings constructed, maintained, refurbished or rehabilitated	119
	Number of women and men (by province) graduating from Australia Awards, APTC and Fellowships	791 in 2016
Sub-objective: More effective health security systems and health services		
	Couple years protection in Eastern Highlands, Bougainville, Morobe and National Capital District	104,000 couple years protection
	Percentage of tuberculosis in Western Province retained in treatment	99 %
Sub-objective: Gender equality and women’s empowerment		
	Number of women and girls who have accessed crisis support services	2,026
	Number of women trained or mentored and engaged by Papua New Guinea in positions to influence decision-making, including through candidacy in elections and at the local government level	378

Sub-objective: policy influence: *Insufficient data for 2016-17*

Shared Development Objective to 2017–18: Economic and strategic partnership that contributes to sustained and inclusive economic growth in Papua New Guinea

Broader Partnership Indicators*

Number of women and men travelling between Australia and Papua New Guinea (by class of visa)	52,000 Papua New Guinean arrivals in Australia (short term movements), 2016 102,400 Australian departures for Papua New Guinea (short term movements), 2016
Number of women and men Australian tourists travelling to Papua New Guinea	24,677 Australian visitors (holiday) to Papua New Guinea in 2016
Value of trade between Australia and Papua New Guinea (as goods, services)	\$5.3 billion in 2016
Number of Australian companies doing business in Papua New Guinea, and number of transactions	4,605 exporters making 159,079 transactions
Foreign Investment Stock	\$18 billion in 2016
Number of institutional partnerships	16
Number of twinning arrangements	3

* To reflect the broader economic and political relationship between Australia and Papua New Guinea, to which development cooperation contributes, the Framework includes indicators of change in the relationship and understanding between people in both countries. The indicators are not intended to be attributed to the aid program

APPENDIX 1: 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT INFOGRAPHICS

 <p>1 NO POVERTY</p>	End poverty in all its forms everywhere	 <p>10 REDUCED INEQUALITIES</p>	Reduce inequality within and among countries
 <p>2 ZERO HUNGER</p>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Make cities and human settlements inclusive, safe, resilient and sustainable
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being at all ages	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Ensure sustainable consumption and production patterns
 <p>4 QUALITY EDUCATION</p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	 <p>13 CLIMATE ACTION</p>	Take urgent action to combat climate change and its impacts
 <p>5 GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls	 <p>14 LIFE BELOW WATER</p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
 <p>6 CLEAN WATER AND SANITATION</p>	Ensure availability and sustainability management of water and sanitation for all	 <p>15 LIFE ON LAND</p>	Protect, restore and promote sustainable use of terrestrial ecosystems
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Ensure access to affordable, reliable sustainable and modern energy for all	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies for sustainable development and provide access to justice for all
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Strengthen the means of implementation and revitalise the global partnership for sustainable development
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote inclusive and sustainable Industrialisation and foster innovation		