

**PNG-AUSTRALIA DEVELOPMENT COOPERATION PROGRAM:
JOINT REVIEW OF TECHNICAL ADVISER POSITIONS FUNDED BY THE AUSTRALIAN
AID PROGRAM**

Overview

Between June and December 2010, Australia and our partner countries jointly reviewed the use of advisers across the aid program in order to ensure that all positions are delivering clear development results and represent value for money. [A Joint Adviser Review Report](#) was released on 15 February 2011, which provided a synthesis of the findings and key recommendations from individual country reviews, including country specific adviser figures and narrative.

Australia worked bilaterally with a large number of partner country governments to review each adviser position. While the underlying Review methodology and the core content of country-specific reports is consistent across programs, in each case the final country-specific Review Report reflects decisions made by the joint Review teams as appropriate for the specific cultural and language context. As a result there are some presentational differences between reports.

This report presents the findings and recommendations of the joint Review process undertaken between the Governments of Papua New Guinea and Australia.

It is important to note that the Review process involved an assessment of the value and effectiveness of each adviser position – not the performance of individuals in those positions. The Review focused on the role of each position in meeting agreed country program objectives and development outcomes. On the basis of this assessment, the continued funding of adviser positions by AusAID was jointly considered and agreed with partner governments.

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Executive Summary

1. Technical advisers have been a significant element of the PNG-Australia Development Cooperation Program ('the aid program') over two decades. Advisers, for which there remains strong demand, have made an important contribution to building skills and capacity of people, organisations and systems. However, advisory inputs are not always the most appropriate and effective response to a development need. In the 2010/11 Australian Budget Statement, the Australian Foreign Minister announced a review of all adviser positions funded by the Australian aid program. Australia and PNG agreed to a joint review to assess the cost and effectiveness of technical advisers in the PNG-Australia aid program.
2. The review was conducted in the context of the PNG-Australia Development Cooperation Treaty Review (DCT Review, April 2010) which recommends significant changes to the aid program, including reducing reliance on technical assistance personnel.

Methodology and scope

3. The joint review was led by senior officials from the Government of PNG and AusAID. The objective was to 'confirm the priority attached to each adviser position and whether it is an effective response to mutually agreed development needs and priorities'. The review assessed the 487 long-term (355 international and 132 national) technical adviser positions in place during the 2010/11 Australian financial year, including under the Strongim Gavman Program and PNG-Australia Policing Partnership. The review assessed positions, not individual performance.
4. The review analysed background information on the use of technical advisers (previous reviews and studies, position terms of reference, reporting etc) and consulted key stakeholders. The review team assessed each advisory position and assigned a priority rating of high, medium or low. The review team's considerations in assessing adviser positions included:
 - value for money
 - intended outcomes of the position (results) – including how the position is building capacity in host organisations
 - whether there are alternative or more cost-effective ways of achieving these intended outcomes, and
 - an assessment of the relative importance of the position to the broader country program and bilateral relationship.

Findings and recommendations

5. The review found a lack of consistency in the use and remuneration of technical advisers across the program. It recommends ongoing oversight of the use of advisers on a whole-of-program basis. It notes the need for more

robust analysis in assessing needs, considering cost-effectiveness and alternative methods of building capacity. Designs of adviser assignments should include a clear articulation of what will be achieved and when, which will be reflected in a joint agreement between the adviser and the PNG agency. Ownership by PNG Government departments, at both senior and working levels, is critical.

6. The review recommends shifting the focus from corporate reform to implementing critical service delivery tasks, with a greater proportion of positions outside Port Moresby. It identifies mechanisms to ensure the use of technical advisers is consistent with agreed future priorities.
7. This review supports greater use of in-line positions as recommended by the DCT review, and proposes a model that maximises use of PNG government systems and accountability to the PNG agency. An adviser would occupy an approved position within an agency but would also have explicit responsibility for building the skills of their teams.
8. Advisers are often being used to fill staffing gaps, sometimes for low-level tasks, corporate functions such as human resource management, financial management and IT. Cost effective solutions should be sought to support these functions through services available in the local market in PNG.
9. The review recommends a number of other measures to improve cost-effectiveness, including developing international and national fee benchmarks, standardising allowances, cost-sharing on adviser positions to promote ownership, and improvements to recruitment processes.
10. Of the 487 long-term adviser positions reviewed, 201 (41 per cent) were rated as high priority and the review recommends they continue to be supported. A further 105 (22 per cent) were rated medium priority. These positions were assisting in priority areas but positions may need to be re-scoped or alternative means of support considered to maximise effectiveness. 181 positions (37 per cent) were rated as low priority, to be phased out within two years. The number of positions rated high and medium for each sector program should remain as a 'guiding allocation' for that program.
11. Positions were rated low for a number of reasons. These included success stories where objectives had been achieved and support was no longer required. In some cases functions were transitioning to PNG-funded positions within the public service. And in other cases, positions were rated low because the advisory support was not seen as the most effective or appropriate response to a particular problem, or was no longer an agreed priority area for the aid program. Exit strategies for positions rated low will be jointly developed by the PNG agency and AusAID, together with the

program managing contractor or Australian Government agency. Savings will be re-allocated to higher priorities within the PNG aid program.

12. The review recommends establishing a joint Adviser Review Group as an oversight body to regularly review the use of advisers across the whole aid program, track levels of adviser positions across sector programs, ensure a consistent approach and prioritisation based on agreed development priorities. The Adviser Review Group would report to the annual Australia-PNG Partnership Dialogue.

Next Steps - Implementing the review recommendations

13. This review and its recommendations will be considered by Australian and PNG Ministers. Their response to this review and the DCT Review will shape the way forward for the aid program and the use of adviser positions. All aid program activities in PNG will need to adjust their approaches to using advisers in accordance with the recommendations of this report, subject to endorsement by Ministers. The ongoing commitment of both governments will be needed to ensure that these measures are implemented and the aid program continues to improve the way advisers are used to support PNG in addressing its development challenges.

Section 1 Introduction

1.1 Overview of the PNG-Australia Development Cooperation Program

1. Australian aid to Papua New Guinea (PNG) is governed by the Development Cooperation Treaty of 1999, the Development Cooperation Strategy 2006-2010 and the Partnership for Development signed in August 2008. Australian development assistance ('the aid program') supports a wide range of priorities, guided by PNG's Medium Term Development Strategy¹, including: education, health, transport infrastructure, HIV/AIDS, law and justice, governance and public sector reform, non-state actors, disaster management, rural development, climate change and an incentive fund. The way Australia's aid to PNG is delivered has shifted from budget support from 1975, towards jointly programmed aid from 1992. Total aid allocation from Australia to PNG in 2010-2011 is A\$457 million.
2. Australian aid aims to support the Government of PNG (GoPNG) to achieve its development objectives as articulated in its key policy documents. The GoPNG's development priorities are set out in the *Vision 2050*, the *PNG Development Strategic Plan* (PNGDSP 2010-2030) and the (draft) *Medium Term Development Plan* (MTDP 2011-2015). The PNG DSP is guided by the directives and goals of the National Constitution, and details how PNG can become a prosperous, middle income country by 2030. PNG is also a signatory to the Paris Declaration and localised this commitment in the "PNG Commitment on Aid Effectiveness" which clearly outlines the principles of the Paris Declaration within PNG. This includes a 'Protocol for Mobilising Technical Assistance', which is included in Annex 1.

1.2 Context for this review

Development Cooperation Treaty Review

3. This review of technical adviser positions is being conducted at a time of significant change for the PNG-Australia Development Cooperation Program. In Alotau in July 2010 Australian and PNG Ministers received an independent review of the PNG-Australia Development Cooperation Treaty (DCT Review) that was jointly commissioned by the two countries. Ministers agreed that officials should prepare a joint response to the DCT Review for Ministerial consideration. Ministers also agreed that there were many opportunities for Australia to provide assistance to PNG to enable the LNG project but that this should be developed as a special package of assistance separate to the development cooperation program.
4. The DCT Review proposed a major shift in the nature of Australia's relationship with PNG, including in relation to development assistance. Its

¹ The MTDS 2006-2010 will shortly be replaced by the Medium Term Development Plan 2011-15

core message was that “the status quo is not an option” and that PNG and Australia must seek to rebalance the bilateral relationship, recognising the broader dimensions of which the aid program is one part. The review identified the need for significant changes to the aid program, to address widespread dissatisfaction and perceived lack of impact. It was critical of the program’s thin spread over many sectors and its over-reliance on technical advisers.

5. The DCT Review concluded that the “capacity building through advisers” model is not working and that much technical assistance (in the form of advisers) has had little impact on over-arching objectives of the aid program. The aid program’s reliance on technical advisers has “lost political support” and is “at the heart of the political difficulties the Australia aid program to PNG is facing” (p26).

Public concerns about the use of technical advisers

6. There has been public criticism, both in Australia and PNG as well as in other countries, of the use of technical advisers in the aid program, particularly focused on its high cost and the perception that it is “boomerang aid”. In May 2010 Australia’s Minister for Foreign Affairs and Trade announced a review of technical advisers across Australia’s aid program, with PNG being one of the first countries reviewed. Given the shared concerns about the use of technical advisers in the aid program, Ministers agreed at a July 2010 bilateral meeting in Alotau that the review was timely and noted it “should lead to a more targeted allocation of advisers and an overall reduction in the level of advisory support in the program”.²

Continuing need for technical advisers

7. Despite criticism of the past use of advisers the review team was aware, in conducting the review, that the need to build up skills and capacity in PNG remains a high priority that will become even more prominent over the next decade as revenues expected from the LNG project (and the resources boom more generally) result in a growing economy that will demand a skilled workforce. There are also critical skills gaps in service delivery and well placed adviser support is in many cases the best way to meet them. Advisers can also play an important role in managing the fiduciary risks of delivering aid, including when working through PNG government systems. In this context, the role of Australian aid in supporting capacity development in the PNG Government remains important. It makes it all the more imperative that technical advisory assistance is used in a targeted and effective way to support PNG’s capacity building objectives.

Costs of technical advisers

² Joint Statement, PNG-Australia Bilateral Ministerial Meeting, Alotau 7-8 July 2010, p6

8. An important consideration for this review is the cost of technical advisers and the opportunity cost of funding advisers over other goods and services such as pharmaceuticals, road maintenance and education.
9. Because the Australian aid dollar is limited all Australian funded advisers present a major opportunity cost when considering the other goods and services that could be purchased for the cost of one adviser. That said many are providing critical support that will benefit the citizens of Papua New Guinea now and into the future. For example advisory support is strengthening organisations and systems that enable service delivery. Without strong systems, delivery of essential services such as immunisation programs, primary school education and road maintenance will be undermined. In some circumstances, an assessment of needs will determine that advisory support is the most effective means of support. However, given the ongoing demand from PNG for advisory support in an environment where resources are constrained, Australia and PNG must strengthen the dialogue around the most effective way to support outcomes.

Context of public sector reform in PNG

10. Much of Australia's aid is focused on strengthening the capacity of PNG's public service, so that it can effectively manage the nation's affairs, deliver services to its people and put in place the foundations for broad-based economic growth. However, the context of public sector reform in PNG poses serious challenges, many of which are well beyond the scope of any adviser or donor to address. These have been identified through the PNG Government's review of public sector reform as including:
 - absence of political and senior executive leadership;
 - lack of genuine political and managerial commitment to reform;
 - absence of clear strategy and ownership;
 - poor levels of organisational leadership, capacity and knowledge;
 - low levels of corporate knowledge;
 - erosion of public sector values through the politicisation of the public service;
 - poorly trained and experienced appointees to senior positions, especially at the head of agency level;
 - disrespect for the rule of law among politicians and senior public servants;
 - limited enforceability of accountability and appropriate sanctions;
 - political interference with due process; and
 - loss of institutional and process credibility.³

³ Government of PNG, Review of the Public Sector Reform Program, June 2007

A tight skilled labour market and the increasing cost of living in urban centres can also make it difficult to attract appropriately skilled professionals on public service salaries.

1.3 Outline of methodology used for this review

11. This review was conducted by a Review Team consisting of:
- Mr John Kali, Secretary, Department of Personnel Management (DPM)
 - Mr Joseph Lelang, Secretary, Department of National Planning and Monitoring (DNPM)
 - Ms Stephanie Copus-Campbell, Minister Counsellor, AusAID PNG

The Review Team was supported by a Secretariat consisting of officers from DPM, DNPM and AusAID. The Review Team's objective was to conduct this review of technical adviser positions in the aid program and report to the PNG and Australian Foreign Ministers.

12. The review considered 'long term'⁴ technical adviser positions in place in the 2010-11 (Australian) financial year. Technical advisers are defined as personnel who provide advice – to one or more interlocutors – on the strategic direction and/or implementation of Australian aid. The methodology used for the review included document and data analysis and consultations with all current beneficiaries of advisory assistance through the aid program. Key steps in the process are outlined below and the terms of reference for the review are at Annex 1:
- Initial data analysis gathered information on every adviser position in place or planned for the July 2010- June 2011 period;
 - Each position was ranked as high (continue the position), medium (consider changes to the position) or low (phase out the position) by assessing their terms of reference and existing monitoring reports;
 - Initial rankings were discussed by the Review Team with senior executives, including in most cases the heads of the PNG department, agency or organisation receiving the advisory assistance and final rankings were determined during these consultations. Experiences and perspectives about the effectiveness of technical advisers were also discussed.
 - Previous reviews of technical advisers were assessed and relevant findings taken into account.
13. The review team's considerations in assessing adviser positions included:
- value for money
 - intended outcomes of the position (results) – including how the position is building capacity in host organisations

⁴ Providing at least 6 months input per year

- whether there are alternative or more cost-effective ways of achieving these intended outcomes, and
- an assessment of the relative importance of the position to the broader country program and bilateral relationship.

The review considered and assessed advisory positions, not the individuals in those positions. The performance of personnel in advisory positions is and will continue to be assessed through agreed performance management systems.

1.4 Overview of programs and provision of technical advisers

14. Australian aid is currently provided through 60 programs across seven different sectors. Most programs include some provision of technical advisory assistance (as defined for the purposes of this review). There are currently 487 long-term adviser positions, representing approximately 30 per cent of the aid budget. Around 400 of these positions are based in Port Moresby and the balance are based in the provinces. Approximately 68 per cent of positions are currently filled by men and 32 per cent by women. Approximately 33 per cent of adviser positions are currently filled by PNG nationals, 54 per cent by Australians, and 13 per cent by other country nationals.
15. The majority of advisers are provided through major sectoral programs in education, health, HIV/AIDS, transport infrastructure, law and justice and governance. In these areas, the aid program has moved to providing support through programs. Unlike projects, which are designed upfront and then implemented against a fixed plan for a 3-5 year period, programs are more flexible and rely on rolling annual planning processes to decide what should be provided. Programs are designed to enable the GoPNG to have greater flexibility and decision-making authority in a way that aligns to GoPNG plans and budgets. Whilst having the benefit of flexibility and responsiveness, programs are also more complex to manage.
16. A major influence on the number and spread of technical advisers in the aid program in PNG has been the nature of sectoral programs, which enable GoPNG line agencies or sectors to determine or recommend the number and allocation of technical advisers, usually on an annual basis. There is no centralised oversight of the use of technical advisers, either by the GoPNG or by AusAID. This review was the first time that such an overall assessment has been made. Consequently, there is a myriad of different approaches to how technical advisers are used, how decisions to use them are made and how they are remunerated and managed. This has contributed to a proliferation in the use of technical advisers, or 'adviser creep', and a tendency to default to using technical advisers as the solution to a range of problems and challenges, rather than identifying needs and most appropriate forms of support through a comprehensive diagnostic process.

17. There are some programs that are entirely designed to provide technical advisers, including the Strongim Gavman Program (SGP) and the Adviser Support Facility (ASF – which has now ended). The ASF, which ran for eleven years, was designed to be a flexible facility that provided technical advisory support in response to GoPNG requests that were assessed by a joint governing board. Most other sector programs, such as in law and justice, transport and health, provide a more comprehensive program of sector-wide support. These programs included a combination of technical advisory assistance, training, professional development, and funding for goods and services such as capital works and equipment. All of these sector programs are jointly designed by the PNG and Australian governments and implemented with the support of a contracted service provider.
18. The Strongim Gavman Program (SGP) is a whole-of-government engagement program involving Australian Government agencies⁵ that provide capacity development assistance and advice to counterpart PNG Government agencies. Senior officials from the Australian public sector are placed in GoPNG agencies for two to three years to provide specific public service policy and strategic advice and capacity development. In addition to providing capacity building assistance through individuals, SGP also facilitates institutional linkages between the PNG Department and relevant Australian Government Department. Given the special nature of the program and its relatively high cost compared to other forms of advisory assistance, SGP support should only be provided where there is a clear comparative advantage in this form of assistance, including in facilitating institutional linkages. This review has taken this into account in assessing SGP positions, in consultation with relevant Australian Government departments.
19. The PNG-Australia Policing Partnership (PNGAPP) is a police-to-police partnership between the Australia Federal Police (AFP) and the Royal Papua New Guinea Constabulary (RPNGC). The AFP mission includes 11 personnel who work as an integrated and multi-disciplinary team to support a number of jointly agreed priorities with the RPNGC. Due to the team nature of this arrangement, the PNGAPP positions were not considered individually in this review.

1.5 Previous reviews of technical advisory assistance

20. Although this is the first time that all adviser positions have been reviewed in the PNG aid program, a number of studies and evaluations have previously been conducted on the use of technical advisers in the aid program. The DCT Review found that a high proportion of Australia's aid was spent on technical

⁵ Current agencies include the Department of Treasury, Department of Finance, Australian National Audit Office, Department of Defence, Attorney Generals Department, Australian Customs and Border Protection Service, Australian Tax Office, Department of Infrastructure, Department of Immigration and Citizenship

advisers – about 34 per cent for the PNG program (at the time of that review). Australia’s spending on technical assistance, including adviser support, is more than double the global average (DCT Review p22). There have been some success stories in the use of advisers (see Annex 2 for case studies) and there continues to be strong demand from GoPNG agencies for advisory assistance.

21. In recent years AusAID has put much effort into strengthening its understanding and coordination of capacity development assistance and use of technical advisers. There have been a number of recent initiatives to improve the effectiveness of Australian-funded technical advisory assistance. The DCT Review summarises many of these initiatives including:

untying of aid; better monitoring and evaluation; greater involvement by GoPNG in selection and reporting procedures, internationally recognised efforts to improve awareness of and sensitivity to how technical assistance can better contribute to capacity building; reduced reliance on imported but perhaps inappropriate international “best practice” and more on strengthening local systems; increased willingness to fund alternative means of capacity building such as investments in IT systems and other infrastructure; and increased emphasis on more disciplined assessment of the need for consultants prior to their hiring. All of these initiatives have already made progress and should continue to be emphasised. (DCT Review p.23)

22. Despite these efforts, the DCT Review found that the “capacity building through advisers” model was not working, basing its findings on a number of different sources of evidence:
- government effectiveness and capacity is declining in PNG, as illustrated by World Bank indicators and confirmed through consultations;
 - a number of formal evaluations conducted suggest that technical advisers have made little difference.⁶
 - many generic problems are influencing public sector capacity in PNG that are beyond the power of advisers, or indeed of the aid program, to address. Whilst advisers can bring about technical improvements, there was found to be a “high risk of regression” after they depart (Kavanamur and Robbins, 2007, p56).
 - Some advisers stay in country for too short a time to make a difference. The average duration of an ASF adviser’s stay in PNG was 17 months.
 - International experience has also been that “excessive reliance on one model of delivery for technical assistance” fails to build capacity and there are a range of reasons why technical advisers so often fail to build capacity. (p25)

⁶ The DCT Review cites a number of evaluations and reports on p. 24

23. The DCT Review called for real change in the use of technical advisers in the aid program, although noted that a balanced approach was needed. It recommended that:
- Both governments agree to a single method for defining and regularly reporting on technical assistance and technical adviser volumes;
 - Reduce reliance on technical advisers in the aid program: protect “high-value” technical assistance but weed out low-impact assignments and consider sectoral targets and cost-sharing mechanisms;
 - Use existing facilities to respond to any new requests for technical assistance;
 - Continue efforts to ensure that the primary line of reporting for all advisers is to the PNG government department or agency concerned, rather than to the Australian government or contracting company;
 - Increase the average duration of technical adviser hires;
 - Reduce the focus on corporate reforms and increase focus on implementation of critical tasks, with a greater proportion of positions based outside Port Moresby;
 - Give greater attention to cost-effectiveness and adopt measures to drive down costs; and
 - Give consideration to funding in-line positions, starting with a piloting of the approach. (pp.27-31)

***Recommendation 1:** This review recommends the adoption of all of the recommendations from the DCT Review relating to the use of technical advisers.*

24. There have been a range of other studies and analyses conducted on the use of advisers in the aid program in PNG and these have been drawn on in examining the key effectiveness issues in section 2 below. Whilst there have been many lessons learned, the challenge is to ensure these findings are actually implemented through the aid program. There has generally been a lack of follow through.
25. A number of sector programs in PNG have recently initiated their own reviews of the use of technical advisers and identified ways to reduce reliance on advisers and tighten up decision-making processes. Comprehensive discussions on the most effective ways to achieve outcomes have resulted in significant reductions in the reliance on technical advisory positions in the law and justice, health and education sectors, which is to be commended.
26. AusAID initiated a review in late 2008 of the way that advisers⁷ were being remunerated in the PNG program, which found a range of practices across different sector programs. The findings of this report are being progressively

⁷ Excluding Australian Government officials deployed as advisers

implemented, and have been taken into account in this review's recommendations, particularly under section 2 below.

Section 2 Review findings

2.1 Overview of the use of technical advisers in the aid program

27. There are currently 487 long-term technical adviser positions funded under the Australian aid program to PNG.⁸ Of the 487 positions, 355 were recruited internationally and 132 locally (filled by PNG nationals). These include a range of roles and types of positions, including those providing high-level strategic and policy advice to PNG's Department heads and senior managers, those supporting technical functions in areas like health, education, law and justice and transport and those supporting corporate functions such as planning, human resources, finance and IT. Technical advisers are also supporting the oversight and management of Australian aid funds as well as helping to manage the implementation of various aid programs (for instance as team leaders of managing contractor teams in-country).
28. Technical advisers are provided in all sectors, the largest number being within the governance sector (169 advisers or 35 per cent of total adviser numbers).

Adviser Numbers By Sector	International Adviser Positions	National Adviser Positions	Total Adviser Positions	% of Total Program Advisers
Governance ⁹	126	43	169	34.7%
Health	44	53	97	19.9%
Law and Justice	87	7	94	19.3%
Infrastructure	45	2	47	9.7%
Education	14	11	25	5.1%
Rural Development	13	8	21	4.3%
HIV	8	3	11	2.3%
Higher Education	9	1	10	2.1%
Cross-cutting	4	4	8	1.6%
Environment	4	0	4	0.8%
Humanitarian	1	0	1	0.2%
Total	355	132	487	100%

2.2 Key effectiveness issues

⁸ In accordance with the agreed definition of technical advisers as set out in the terms of reference for this review.

⁹ This includes programs that are supporting a range of central and national government agencies and provincial governments to improve their effectiveness, through the Economic and Public Sector Program (EPSP), Sub-national Strategy (SNS) and the Strongim Gavman Program (SGP). It also includes programs promoting partnership between the state and civil society, working at local levels to promote demand for good governance and service delivery.

29. There is a significant body of work to draw on that has analysed the effectiveness of technical advisers from a number of angles. This, in addition to the Review Team's consultations and observations, forms the basis of this analysis of the effectiveness of technical advisers in the aid program and resulting recommendations.

2.2.1 Need for coherence in the use of technical advisers across programs

30. The Review Team's first observation is the **lack of consistency and coherence in the use of technical advisers across the aid program**. Sector programs have been approaching the use of technical advisers in different ways. There has been no overarching or centralised oversight of the use of advisers by either government. The wealth of studies and findings on technical advisers and capacity building approaches have been applied and implemented to varying degrees. However, lessons are not being shared across the aid program. The ability of sectors and line agencies to determine their own use of advisers through sectoral programs, often without regard to a comprehensive exploration of alternative options, has led to a lack of discipline and a proliferation in the use of advisers. Advisers become the 'default' response to a broad range of issues, many of which are not necessarily best addressed through advisory assistance.
31. This review has been a valuable exercise in assessing the utility and prioritisation of adviser positions across the whole aid program. A team of senior Australian and PNG officials (Adviser Review Group) should continue to conduct a whole-of-program assessment on a regular six-monthly basis, particularly to ensure that the recommendations of this review are being implemented in the future use of advisory assistance. This assessment should align with AusAID's 6-monthly adviser stocktake where possible and draw on existing reports and analysis from each sector program. Findings and recommendations of the Adviser Review Group should be considered at the Annual Australia/PNG Partnership Dialogue chaired by the AusAID Director General and the Secretary of DNPM. The PNG Government may wish to bring all donors together periodically in a Technical Assistance working group, seeking opportunities to harmonise approaches to use of technical advisers and share lessons learned.
32. Existing decision-making bodies for each sector program should continue to decide how that program will use technical advisers, but this overarching review mechanism will provide another level of oversight at the whole-of-program level. The Adviser Review Group's recommendations to the Annual Partnership Dialogue will help to ensure that the future use of technical advisers is in line with the refocusing of the aid program and that the use of advisers presents the most cost effective way for Australia to provide support to achieving outcomes. Adviser positions should be supporting the objectives of both governments to improve service delivery in key sectors in PNG,

particularly to promote PNG's progress towards the Millennium Development Goals.

***Recommendation 2:** The Review Team formed to conduct this review should continue to exist as a standing body (Adviser Review Group). The Adviser Review Group will not make decisions on adviser positions or numbers. It will be an oversight body that periodically reviews the use of advisers across the whole aid program, ensures prioritisation based on agreed development priorities and ensures consistency of approach. The Adviser Review Group will report to the Annual Australia-PNG Partnership Dialogue chaired by the AusAID Director General and the Secretary of the Department of National Planning and Monitoring.*

2.2.2 Need for robust analysis in designing each adviser assignment

33. The Review Team's second observation is that in most cases **the initial diagnosis that leads to the decision that an adviser is needed is insufficiently robust** and does not consistently ask the hard questions that should be asked before a high-value resource like a technical adviser is deployed. There is often an assumption that an adviser can 'fix the problem', without proper scrutiny of how realistic this is or even what the problem actually entails. There is limited incentive or requirement for the agency requesting the advisory support to consider cost or cost-effectiveness issues, and advisers are often regarded as 'free goods'. The effectiveness of technical advisers can be significantly improved by investing more in the upfront 'design' of adviser positions, to ensure they are only used when likely to achieve the intended outcomes in a cost-effective manner. The diagnosis should identify specific capacity improvement outcomes expected that link directly to the agency's service delivery role. This should result in reorienting of positions from general systems strengthening to strengthening capacity for implementation.

Gap-filling

34. The Review Team found that many advisers were being used to fill gaps. This may be appropriate where it is the deliberate intention and there is a longer-term plan to address the gap. However, the Review Team saw it occurring in situations where the real reasons for PNG Government staff not getting the work done themselves were not related to lack of skills but lack of proper management. By allowing advisers to fill the gap, these broader management issues remained unresolved and unchallenged. This is a particularly insidious trend which can start out through good intentions to address real constraints but can quickly lead to entrenching bad management practices and enabling poor performance to continue unchecked.

Cost-effectiveness

35. There is also generally a lack of consideration of alternative ways of addressing the problem identified and consideration of the cost-effectiveness of using an adviser compared with alternative approaches. There is significant potential for adviser positions to be treated as 'free goods' and the opportunity costs involved in funding technical advisers are usually not weighed up – partly because the costs involved are not transparent to the PNG Government and partly because there is no requirement for counterpart funding, aside from the provision of a workplace. The exception to this is the law and justice sector, which assesses adviser positions (at present excluding SGP) as part of its development budget process and uses average costs for advisers in allocating resources within a defined budget ceiling. This model should be adopted in other sector programs where the PNG Government has appropriate sector coordination mechanisms and budget systems.

Cost-sharing measures

36. Cost-sharing for technical adviser positions should be introduced. For example, the PNG organisation would fund an equivalent Public Service salary for the adviser position, and AusAID could supplement the salary and fund allowances. Cost-sharing aims to demonstrate the PNG organisation's commitment to the position and avoid the perception of a 'free good'. Programs such as the transport sector already have some positions where adviser costs are shared equally between AusAID and the PNG agency. It is, however, acknowledged that many government departments currently face significant constraints in their recurrent personnel budgets, and that concerns exist about the ability of PNG agency payroll systems to effectively deliver timely payment of salary. A cost-sharing requirement may require the GoPNG to reprioritise the allocation of its own resources to ensure that the adviser position can be funded by the agency concerned. The aid program should target a phased introduction of a cost-sharing requirement for all adviser positions, taking into account contractual and financial implications for sector programs, lead times on budget cycles and subsequent fiscal constraints of PNG agencies.

Alternatives to technical advisers

37. In many cases, there is insufficient information about what other capacity development tools are available through the aid program other than technical advisers. Alternative methods to build capacity include training, equipment, peer learning, scholarships, twinning programs, grants, volunteer placements and collaborative research. Clear and accessible information on what is available, how much it costs, how it can be accessed, benefits and risks and appropriateness to different situations is required for the aid program. A robust analysis of needs with a range of response options available should ensure appropriate capacity development tools are provided. Sometimes the constraint is not one of weak skills and systems, but

simply lack of adequate equipment or infrastructure. In such cases, the aid program should consider providing the necessary funding or supplies rather than placing an adviser (sometimes at higher cost) into an environment where they may have little impact.

38. Alternative forms of advisory support include twinning and the Overseas Development Institute (ODI) Fellowship Scheme. Twinning programs build institutional links between PNG agencies and similar organisations internationally. They allow the PNG agency to access specific technical skills through part-time advisory inputs in PNG, and expose PNG officials to the work ethic and organisational culture of a government agency with a similar role in an advanced economy. The aid program already supports a number of twinning programs between PNG and Australian government agencies at national level. Twinning programs can offer a cost-effective alternative to a long-term adviser position in technical areas, and can also be utilised as a strategy for transitioning from full-time advisory support. High calibre junior professional economists can be sourced through the ODI Fellowship Scheme at a much lower cost¹⁰ than an international adviser. Volunteers can also be a cost-effective approach to build capacity and transfer skills and knowledge. Schemes such as ODI Fellows and volunteers can be appropriate for technically focussed and non-representational adviser roles.
39. Sector programs must also take care to examine what resources are available through the PNG Government in the first instance. For example, the Public Sector Workforce Development Program provides training for all public servants – technical advisers should not be duplicating this. Other GoPNG Departments provide training or technical advice as part of their core functions. Sector programs should take this into account and consider linkages to these as alternatives or complementary to use of technical advisers.

Leadership and ownership

40. The design of an adviser position should not just be about what the individual adviser will do and his or her terms of reference. An adviser can only be as good as his or her counterparts and host organisation and depends on their commitment, motivation and willingness to participate in the proposed activity, reform or change. Ultimate responsibility and accountability for the outcomes achieved as a result of adviser assistance lies with the head of the receiving agency or organisation. The key ingredient to the success of any adviser position is the strength and quality of leadership in the organisation the adviser is supporting.

¹⁰ Under the ODI Fellowship Scheme (managed by ODI, an independent UK think-tank on international development and humanitarian issues), the host government provides local salary costs, housing allowance and appropriate employment conditions. Donors cover management costs and salary supplementation (total cost to donor approximately A\$50,000/K125,000 pa).

41. Strong ownership for the adviser position is equally critical. This has particularly been an issue for advisers placed in provinces through nationally-driven sectoral programs. Provincial Governments, which are expected to host and work with such advisers, are often “supplied” with these advisers by sectoral programs which are driven by National Departments. The Review Team found evidence of insufficient engagement with Provincial Administrators leading to adviser positions being established with little or no ownership by the Provincial Government. Future adviser assignments in provinces must be developed in full consultation and partnership with the management of that provincial administration, including the Provincial Administrator who should be ultimately responsible for the assignment.

Clear ‘counterpart’ arrangements

42. Advisers are often placed with a ‘counterpart’ from the PNG Government. A number of assessments and evaluations have criticised the ‘counterpart model’ for placing too much emphasis on building the capacity of just one individual. Should that individual leave the organisation, as often occurs, the investment has been wasted in terms of the organisation as a whole. Programs should ensure that advisers are working with ‘teams’ of people or even across multiple teams. Where possible, advisers should work to strengthen ‘systems’ that will result in improvements to the organisation and how it delivers its services. For example, advisers working in the National Economic and Fiscal Commission (NEFC) have helped strengthen the system of provincial grant calculations, resulting in a fairer allocation of resources that will improve service delivery outcomes in the provinces. In the NEFC case, the primary objective was to support the development of *system capacity*, rather than individual or organisational capacity. Individual or organisational capacity followed, but it was less important to ensure sustainability in an individual or organisational context than it was to ensure sustainability of system capacity. (For further details of effective use of adviser support see case studies at Annex 2).

***Recommendation 3:** Before any adviser position is agreed to, the issues listed below must be considered at a minimum by the requesting agency, in accordance with good practice in capacity development¹¹. Decision-making bodies for existing sector programs or facilities should adopt these criteria as the basis for approving or rejecting requests for advisory assignments. AusAID and managing contractors will work with PNG partners to implement this process:*

- *What drivers of change and constraints are there including political economy issues and broader public sector or contextual factors (eg persistent staff absenteeism, post-conflict or political crisis environment)?*

¹¹ Patricia Lyon, *TA Diagnostics – a very brief review of current practices in PNG*

- *The 'need' to be addressed and whether technical assistance is the most appropriate way to address that need. If so, is a long-term technical adviser the most cost-effective way of addressing the need or are alternative approaches possible;*
- *Whether there is sufficient support and engagement by the senior managers and intended counterparts in the department or organisation – will they do what is necessary to make the changes or improvements happen and what is the evidence of this?*
- *Whether the issue is a technical one or more to do with managerial or organisational problems. If managerial/structural then an adviser can only assist if there is sufficient managerial commitment to reform;*
- *Whether there is a guiding plan that the assistance can be situated within, such as the agency's Corporate and Annual Plan;*
- *Determining what capacity needs to be developed, why and for what (not just one-on-one counterpart but teams/groups, branch or even system);*
- *What will the capacity building strategy be? Is this best addressed through an in-line or advisory position? What will be the balance between 'advising' and 'doing'?*

Recommendation 4: Information on the availability, suitability, benefits, risks and costs of different forms of capacity development assistance other than technical advisers should be made readily available and easily accessible to all stakeholders of the aid program. AusAID should prepare this information and provide it to each program which will be responsible for integrating it into decision-making processes including those relating to technical advisers.

Recommendation 5: The average cost of a technical adviser assignment should be provided to the receiving PNG agency or organisation (and to GoPNG central agencies) so opportunity cost can be considered (in the context of a comprehensive diagnostic assessment) and the choice be provided as to whether these funds are used on the adviser assignment or some other mix of goods and services.

Recommendation 6: The aid program should introduce a cost-sharing arrangement for all adviser positions.

Recommendation 7: Adviser positions based in provinces should be developed in genuine partnership with the Provincial Administrator and his or her management team.

2.2.3 Clear expectations for adviser assignments

43. The review found a range of ways that advisers were working including a mix of 'doing' and 'capacity building' and different interpretations of what 'capacity building' means. This is to be expected since contexts differ greatly

between different programs and sectors. However, it is critical that expectations be defined and agreed upfront between the two governments, managing contractors and the advisers themselves. These should be linked to the goals of the sector program as well as the specific objectives for each adviser assignment.

44. The design of an adviser assignment should include a **joint agreement** that outlines what is expected of each party – the counterpart agency (including direct counterparts, managers and agency head), the managing contractor (or, in the case of Australian Government officials, their home agency) and the adviser – and what the intended outcomes are. This should replace, or complement, the adviser’s terms of reference. The agreement should be clearly linked to the organisation’s corporate and annual plans. It should include specific outputs expected (including where ‘hands on’ work outputs are expected) as well as specific “capacities” that are expected to be developed in counterpart staff, teams, the organisation more broadly or in a particular system. AusAID’s *Staged Capacity Building Model* or a similar tool should be used to guide this process. It should include specific review points and a clear process through which progress will be monitored and assessed, including the performance and commitment of both the adviser and his/her counterparts. Where possible, the adviser performance assessment should be led by the PNG agency and include ‘360 degree’ formal assessment.
45. The agreement should include the approach that the adviser is expected to take to achieve the stated outcomes, including whether s/he should be working in-line¹² (discussed further in the next section) or directly in a ‘hands on’ way on some or all tasks, or whether s/he should be working only to guide and support counterparts. The assignment may require a mix of these approaches. The design of the mix will have significant implications for the skills and attributes required of the technical adviser.
46. There is often no strong rationale for the initial term of an advisory position or an exit strategy that is devised from the outset to provide a clear view of ‘what success looks like’. This creates incentives for all involved to continue to extend the adviser’s term year after year. However, an initial adviser input of a year is often an insufficient period to have any sustainable impact, given the time it takes for individual advisers to understand the complexity of the environment and build relationships. The design of an adviser position should consider a realistic assessment of how long the advisory support is likely to be required, and scope the position accordingly. Subject to evidence of demand, adviser positions should be contracted for an initial period of two years, with an option to extend the contract for a further year or two, to maximise the productivity of the adviser. Any issues with adviser performance should be addressed through established performance management procedures rather than short term contracts.

¹² NB – the ability of Australian Government officials to act entirely in in-line positions is limited by immunity provisions under the existing Enhanced Cooperation Program Treaty.

47. Advisers should have clear accountabilities to the PNG Government agency or organisation that they work for. The details of specific management functions for the adviser (from performance appraisals to administrative approvals such as leave arrangements) and who is responsible for these will depend on the specific circumstances in each sector and agency. Some agencies have indicated a reluctance to take on such responsibilities, whilst others are keen to do so or already are doing so. Managing Contractors or Service Providers (or, in the case of Australian Government officials, their home agency) have the contractual relationship with individual advisers. They will retain contractual responsibilities and so will need to negotiate appropriate arrangements with counterpart agencies to ensure that accountability and management lines are clear. Recruitment processes should be jointly undertaken and the relevant PNG agency should be represented at a senior level on selection panels.
48. The Review Team recommends that agency heads be held responsible by the Adviser Review Group (see Recommendation 2) for overall management of this process and the ultimate outcomes of the adviser assignment. If the advisory position is not performing as planned or expected, agency heads should manage the situation, consulting with the managing contractor (or, in the case of Australian Government officials, their home agency) and AusAID as necessary. Given that circumstances can change sometimes quite rapidly, the two-way agreements for adviser assignments should be jointly assessed on a regular basis (at least every six months) to determine whether they are on track or whether issues have arisen that may undermine the effectiveness of the assignment. If so, agencies should consult with the managing contractor/ home agency and AusAID to address the situation, including phasing out the assignment if the issues cannot be resolved. Advisers are an expensive resource – they should not be wasted or left to ‘see out their contracts’ as the easy option when circumstances change and impede their prospects for success, often through no fault of the individual adviser.
49. Changes to institutional context can also have a positive effect on adviser effectiveness. The 6-monthly assessment should identify whether new opportunities or priorities have emerged, and assess whether the position or workplan needs to be adjusted to take advantage of the changed environment or improved capacity. Any requests for extensions or re-scoping of positions must include a robust assessment from the PNG agency and program manager of the context, what has been achieved through advisory support, why an extension re-scoping is required, and what key results can be expected from the additional phase of support.

***Recommendation 8:** All programs should have a clear capacity building strategy that articulates how technical advisers and other forms of capacity building assistance will contribute to the capacity development objectives of the program.*

Recommendation 9: Where this is not already the case, each adviser assignment should be based on a joint agreement between the PNG agency, the managing contractor (or, in the case of Australian Government officials, their home agency) and the adviser that clearly articulates the expected outputs, capacity development goals, adviser's approach in direct/hands-on or guiding/supporting, exit strategy, review processes, adviser's lines of accountability and responsibilities of all parties including agency head, counterparts and adviser.

Recommendation 10: Joint agreements should be reviewed semi-annually by the PNG agency, adviser and the managing contractor (or, in the case of Australian Government officials, their home agency) to track progress and address any issues arising. Where progress is severely hampered by issues that have arisen in the course of the assignment, the agency head (or senior delegate) should be responsible for taking appropriate actions including ending the assignment where there is no prospect for successful achievement of outcomes.

2.2.4 Support for in-line placements

50. A strong recommendation of the DCT Review was that in-line placements be supported. This approach was used with success in the post-Independence era in PNG and may have ended prematurely. It has also been used with success internationally. Such an approach would also recognise, as evidenced through this review process, that many international and national advisers already do perform many functions that would be considered 'in-line' and would remove the ambiguity of whether they should do so or not.
51. The aid program already funds over fifty PNG national 'advisers' (as defined in this review), that perform in-line functions within the PNG public service. Some are funded through the aid program because the PNG agency has been unable to attract specific technical skills on a public service salary in a competitive labour market. Others are new positions identified by the PNG agency as critical to service delivery or meeting policy and legislative requirements, but which the agency is not yet resourced to fill. Long delays to formal approval of agency restructuring can exacerbate these resource constraints. Most of these national positions are in the health sector, and many should transition from the aid program to the PNG agency within the next two years.
52. Funding national in-line positions with some form of salary supplementation carries risks, including market distortion and sustainability, and reducing incentives for the national government to tackle public sector reform and human resource issues. National in-line positions and salary-supplementation should be carefully considered on a case-by-case basis, with appropriate risk management measures. These include ensuring direct links to capacity

building and service delivery, market-driven remuneration, strong GoPNG Government ownership, limited timeframe on assistance and a realistic exit strategy. AusAID should seek to align with practices of GoPNG and other donors.

53. A majority, although not all, of those consulted favoured greater use of in-line positions for international advisers as it would mean that advisers were well and truly “part of the team” rather than “outsiders” or “external inspectors” who simply come to see whether the team is doing a task properly but do not take any responsibility for it themselves. This was not seen as conducive to achieving effective outcomes nor to capacity development. Placing international advisers into in-line positions does bring risks such as displacement of national personnel, which can negatively impact on motivation and performance. To manage this risk, international in-line positions should only be filled where there is little or no capacity in the relevant functional areas, and technical skills are not available in the local market. Exit strategies should be devised upfront.

54. An international in-line official could occupy an established position in an agency and perform the functions of that position, reporting to the relevant manager in the organisational structure and exercising formal public service delegations including managing and directing staff. In this way they are filling a gap and might be used where a PNG agency is having difficulty finding a suitable person for a particularly important job through the normal channels. In addition to ‘doing the job’, however, their terms of reference would include an explicit responsibility for building capacity of their teams, which a good manager would be doing in any case. In this sense they are similar to ‘advisers’ in that they are responsible for mentoring staff, transferring skills and identifying ways to build up their capacity including through training and other opportunities. By modelling good work practices and behaviours they are also influencing their staff, teams and others in the work environment.

55. There are a number of approaches used to source and manage international in-line positions through the aid program. The following approach for international advisers maximises use of PNG government systems and accountability to the PNG agency. It should be piloted and, if seen to be successful, expanded as a model to be used wherever appropriate under all programs. It is the model of the ‘contract officer’ under which:
 - Agencies in consultation with DPM can seek to recruit a non-citizen to fill a public service position through an international recruitment process. AusAID, through a managing contractor, may assist this process and would have the right to observe or oversee the process to be satisfied that a fair and merit-based recruitment strategy was followed;
 - The GoPNG agency will fund the standard public service salary for the position. Additional funds for a package to attract international applicants

will be provided by AusAID. Allowances will be consistent with rates determined by DPM for its 'non-citizen advisers';

- The successful applicant is contracted to the PNG Government – s/he has full delegations of a public servant, is fully accountable to the PNG Government and undertakes the full functions of the role but with an additional component specifying capacity building results to be achieved.

***Recommendation 11:** Increase the use of international in-line officers that are co-funded by the aid program in accordance with the model outlined above. If successful, promote this model as an option for strengthening capacity in PNG agencies. PNG and Australian Governments should further consider the place of Australian Government officials in moving advisers to clearer 'in-line' functions.*

56. Any application of this DCT Review recommendation of in line placements to Australian Government officials is limited by the issue of immunity provisions afforded under the Enhanced Cooperation Program Treaty (ECP Treaty). The use of Australian Government officials in in-line positions, with associated delegations and management powers, has also historically posed unique sovereignty concerns (as well as implementation difficulties for officials who remain employed by the Commonwealth and responsible to Australian Government heads of agency). These issues would need to be revisited by both Governments before further consideration is given to moving Australian Government positions to clear in-line functions.

2.2.5 Advisers with the right skills and attributes

57. In some cases, advisers have simply been unclear on how to achieve change at any level. Often relationships can be formed between an adviser and direct counterparts on a friendship basis, but the ability to build on these relationships, develop capabilities and then translate this into systemic capacity has eluded many. Skills in facilitation, mediation, negotiation, change management and especially cross cultural competence make a big difference. Strong human resource expertise is needed to support agencies in identifying the type of person they need for any given position. The role of managing contractors (or, in the case of Australian Government adviser positions, the home agency) in providing this expertise is critical. As per Recommendation 14, recruitment processes should be reviewed to ensure they are as effective as possible.
58. It will not always be easy to find the mix of attributes required in one adviser. Recruitment to fill such positions might not find the right person – in which case programs should either reconsider the position and whether it can be changed, or repeat the recruitment process. The aid program cannot “settle” for less than what is required to achieve the outcomes, on the basis that it is hard to find the right people. Both governments need to be realistic about

what one adviser can do and what skills and attributes we can expect to find in one person.

59. AusAID must ensure that its contracts (or, in the case of Australian Government officials, the Record of Understanding with home agencies) present the most effective incentives for managing contractors to identify quality candidates to fill positions quickly. If the 'right person' cannot be recruited in a cost-effective manner, the position may be best left unfilled and the funds saved redirected to other activities. AusAID should ensure that its head contracts do not simply set a fixed fee for each recruitment (that includes all costs incurred in the recruitment plus management fee). This is a disincentive for managing contractors to spend the time and money required to invest in a quality recruitment process. Costs such as advertising should be reimbursable – otherwise there is a disincentive for managing contractors to advertise as widely as required. Recruitment outcomes should be considered in contractor performance assessments. These 'good practices' are already used in many sector programs. They should be confirmed and implemented as standard throughout the aid program in PNG, and adapted for appropriate application to advisory support through government officials. Both governments should be actively involved in inducting new advisers so that they have a good understanding of the political, social, economic and working environment.

***Recommendation 12:** Robust design of adviser assignments should identify the right mix of skills and attributes required of the adviser, including the balance between technical and people skills.*

***Recommendation 13:** AusAID's contracts with service providers (and arrangements with government agencies) supporting recruitment processes should be reviewed to ensure they contain the most appropriate incentives for recruitment of suitably skilled, quality candidates to adviser positions.*

2.2.6 Ensuring value-for-money

60. Current practices for remunerating advisers vary between programs. AusAID conducted a review in late 2008 of terms and conditions for advisers sourced from the market in PNG¹³. It identified ways to ensure greater consistency of approach to improve value for money. The terms and conditions review made a number of recommendations for improving the way the aid program recruits, contracts and remunerates advisers so that savings and efficiencies can be realised and a fairer and more consistent approach is applied across all programs. These included:

¹³ Note these findings do not apply directly to advisory support through Australian Government officials, however the principles should be adapted appropriately (noting particular requirements pertaining to employees of the Commonwealth) and applied to advisory support supplied by government officials.

- **Review recruitment practices** to develop a policy on best practice processes. The review found that a range of approaches were being taken by different service providers (contractors) implementing programs funded by the aid program. Whilst generally sound, there were some practices that were better than others. A review by a human resources expert should establish what is best practice and best aligns with GoPNG practices, that should set minimum standards for all programs to adhere to;
 - **Adopt a standard approach for adviser remuneration.** The review found that all programs had different ways of remunerating advisers, depending on the way head contracts were structured, but that this was hampering the comparison of expertise on a 'like-for-like' basis across the program. The review recommended an approach where advisers are paid a professional fee (based on competitive bid during recruitment) plus a living allowance on a sliding scale taking into account family composition. The allowance is adjusted, with approval from AusAID, on an annual basis to take into account cost of living changes. Standardising the allowances across the program will streamline administration.
 - **Commission a study on use of PNG nationals as advisers.** The review found a lack of consistency in remuneration of national advisers across different AusAID programs. It recommended AusAID should commission a study to assess how engagement of PNG nationals as advisers conforms with local labour laws, assess appropriate levels of remuneration and conditions of engagement including allowances, taxation and superannuation.
 - **Investigate and develop a best practice model for procurement and management of program vehicles.** The review found that the allocation of vehicles to advisers was not transparent and there was great variation between programs. There was limited information on what may constitute a cost-effective method of using vehicles across AusAID's programs. A best practice approach for all new programs will help clarify the real costs and ensure AusAID obtains value for money.
61. A number of the review recommendations are being implemented. AusAID has standardised allowances for advisers directly employed by AusAID, and will work with managing contractors to standardise across the various sector programs. AusAID is developing international adviser fee benchmarks, which will enable adviser fee submissions to be assessed against international market rates. Once developed, these will be shared with GoPNG so that they can be a transparent tool for assessing value for money under every program that provides advisory assistance. AusAID should also develop similar benchmarks for PNG national advisers, seeking to harmonise with practices and remuneration of the PNG Government and other donors. Best practice models for recruitment and vehicle procurement and management are also being considered. Overall, the 2008 terms and conditions review has

informed and supported the work of the current, broader review of technical adviser positions presented here.

62. The Strongim Gavman Program (SGP) is a high value program but is also a high cost form of advisory support, with average costs of supporting a Commonwealth-employed adviser higher than for internationally-tendered advisers. SGP should only be used where there is a clear comparative advantage for an Australian Government official from a relevant Australian partner agency to provide the advisory support (as per the comparative advantage guidelines in the SGP Management Framework). Where SGP comparative advantage is not established, a more cost-effective means of support should be used, such as sector program advisers, in-line positions, or short-term twinning support. AusAID, GoPNG and Australian partner agencies should make this assessment jointly through a robust and integrated diagnostic process, ensuring opportunity cost is considered. As capacity is built, PNG and Australia should consider short-term inputs, for example through the twinning program, as an exit strategy from long-term advisory support.
63. Remuneration of Australian public servant advisers taking part in government-to-government programs occurs separately from arrangements for internationally-tendered advisers; however there is scope for rationalisation in the conditions of service provided. AusAID should work with Australian Government partner agencies to find ways to reduce the relatively high cost of support, including standardising terms and conditions with other Commonwealth Government postings. The institutional context and advisory role should be carefully assessed to ensure SGP positions are filled at an appropriate level (ie public service grade). SGP Senior Executive Service (SES) positions should only be designated where there is a need for very high level public sector experience, such as SGP Team Leaders directly advising the Executive of an agency. Full implementation of recruitment practices outlined in section 2.2.5 should assist addressing any concern that SGP positions do not meet cost effectiveness criteria.
64. Allowances for advisers are designed to compensate international personnel for the costs incurred in temporarily leaving their home countries and taking up residence in PNG. Allowances usually cover housing, school fees, mobilisation and de-mobilisation and other costs incurred. These should be provided on the basis of residency status rather than nationality. Where an expatriate is already based in PNG, for example as an accompanying spouse, that person should not be entitled to allowances but only a professional fee. Allowances should also be available for advisers that are relocated to provincial locations, regardless of nationality, which compensates for the relocation but also creates incentives for highly skilled individuals to take up roles in provincial locations. Allowance rates could be aligned with the allowances calculated by DPM for contract officers.

65. Both Governments should play a greater role in ensuring value-for-money for advisory positions. The GoPNG is usually involved in the process, through representation or chairing of the selection panels, which also assess fee proposals. However, the role of AusAID varies by program. On some programs AusAID is either directly involved in selection panels or endorses and approves each candidate submission. On others AusAID plays no role and does not see any recruitment outcome submissions. AusAID should play an active role in the review and endorsement of recruitment outcome submissions for every adviser selection, ensuring that proper selection processes are followed and fees represent value for money.

Recommendation 14: This review recommends the adoption of all of the recommendations from the 'Terms and conditions review' listed above, in order to improve the cost-effectiveness of technical advisers. The review team endorses AusAID's move to develop fee benchmarks for all market-sourced international technical adviser positions, which will ensure that adviser fees remain consistent with international market rates. AusAID should develop similar fee benchmarks for national adviser positions, aligned with PNG and other donor practices.

Recommendation 15: The Australian Government should look for ways to reduce the costs of the Strongim Gavman Program, including standardising terms and conditions with other Commonwealth Government postings.

Recommendation 16: Allowances should be paid on the basis of residential status rather than nationality. Allowances should be offered for provincially-based positions which offer sufficient incentive for both national and international advisers to take up such posts.

Recommendation 17: Both Governments should play a greater role in ensuring that adviser remuneration reflects value for money. AusAID should play an active role in the endorsement of all recruitment outcome submissions, ensuring that proper processes are followed and fees represent value-for-money assessed against agency benchmarks.

2.2.7 Corporate functions: using locally available services

66. **The Review Team identified a major trend of technical advisers being used in corporate areas** such as human resource management (HR), financial management and information technology (IT). In some cases, the support was appropriate as it was helping agencies to establish or considerably reposition their relevant corporate teams and ensuring that key processes and staff were in place. In other cases, however, such advisers appeared to be gap-filling (and the advisory position had been in place for an extended period of time) and attending to basic, low level tasks. As one agency head commented, "the issue is not technical – anyone can do bank reconciliations and travel acquittals – the issue is to do with management". Having highly

skilled and high cost technical advisers filling gaps in such areas is not a cost-effective response. It also acts as a disincentive for management to resolve performance and resource issues within agencies.

67. There were instances where advisers were providing capacity building support services in corporate functions that are readily available on the local market. For example there are professional HR, finance and IT services available through the private sector in PNG and using these local services is likely to be more cost-effective than full-time technical advisers. One caution here is that using local consultancies will only buy the specific services commissioned and not come with other developmental benefits that advisers provide, such as on-the-job mentoring and coaching of staff. Agencies need to be clear what services they require in these areas. Agencies should consider the availability of private sector local services as part of the process of designing adviser assignments, and ensure staff are provided with professional development opportunities to acquire necessary skills and expertise. Where appropriate, the aid program could provide funding to agencies to access these local services.

***Recommendation 18:** Advisers should not be used to gap-fill in corporate functions where PNG staff are capable of performing the functions, particularly where their presence and contribution is acting to defer resolution of underlying managerial issues.*

***Recommendation 19:** PNG agencies should be supported to access local expertise in HR, financial management and IT, where low capacity is impacting on the agency's ability to deliver its core services.*

Section 3 Recommendations on current technical adviser positions

3.1 Commitment to adviser positions: assessment of high, medium and low priorities

68. 487 adviser positions were reviewed. The review team's considerations in assessing adviser positions included value for money, intended outcomes of the position (results – including how the position is building capacity in host organisations), whether there are alternative or more cost-effective ways of achieving these intended outcomes, and the relative importance of the position to the broader country program and bilateral relationship. The review assessed advisory positions, not the individual positions. The performance of personnel in positions is and will continue to be assessed through agreed performance management systems.
69. Of these 487 positions, 201 (41 per cent) were identified as high priority and should continue to be supported. Another 105 (22 per cent) were identified as medium priority. Whilst providing assistance in important areas, these

were positions that needed to be re-designed or reassessed subject to particular issues being addressed. 181 (37 per cent) positions were rated as low priority (108 international, 73 national). Positions were rated low for a number of different reasons. These included success stories where objectives of the support had been achieved and the position was no longer required. In some cases, in-line advisers will transition to permanent positions within and funded by the PNG public service. And in other cases, the positions were rated low because the advisory support was not seen as effective or appropriate, or was no longer an agreed priority area for the aid program.

70. The review recommends the 181 positions rated low will be phased out within the next two years. Savings from positions rated low represent up to \$40 million over two years, which can be reallocated to higher priorities within the aid program. A summary for each sector program and rationale for position ratings will be provided to relevant PNG agencies and sector programs.
71. The review recommends the number of adviser positions across the PNG program be reduced by 37 per cent as a result of carefully scrutinising the value and likely effectiveness of each position. The current number of high and medium priority positions and the dollar/kina value they represent (including as a proportion of overall aid funds) for each program and sector should be maintained as a 'guiding allocation' for that program and sector. The Adviser Review Group will monitor adviser levels against this allocation, taking into consideration Partnership for Development schedules, program delivery strategies and scaling-up strategies in priority sectors. Tracking program and sector allocations will allow the Adviser Review Group to monitor the target of reduced reliance on technical advisers, and ensure that use of advisers is consistent with the priorities of the aid program and the recommendations of this review. The Adviser Review Group should periodically review the ongoing need for advisory positions within sectors and programs, with a view to further reducing reliance on technical advisers over time.

Ratings by Sector	Total	High	Medium	Low	Low International	Low National
Governance	169	77	47	45	39	6
Health	97	21	26	50	13	37
Law and Justice	94	47	13	34	29	5
Infrastructure	47	25	11	11	11	0
Education	25	11	1	13	2	11
Rural Development	21	3	0	18	7	11
HIV	11	4	3	4	3	1
Higher Education	10	4	4	2	2	0
Cross-cutting	8	7	0	1	1	0

Environment	4	1	0	3	3	0
Humanitarian	1	1	0	0	0	0
Total	487	201	105	181	108	73

Adviser Numbers By Sector		% of total positions	Revised Number	% Reduction
Governance	169	34.7%	124	26.6%
Health	97	19.9%	47	51.5%
Law and Justice	94	19.3%	60	36.2%
Infrastructure	47	9.7%	36	23.4%
Education	25	5.1%	12	52.0%
Rural Development	21	4.3%	3	85.7%
HIV	11	2.3%	7	36.4%
Higher Education	10	2.1%	8	20.0%
Cross-cutting	8	1.6%	7	12.5%
Environment	4	0.8%	1	75.0%
Humanitarian	1	0.2%	1	0.0%
Total	487	100%	306	37.2%

Recommendation 20: *The number of positions ranked high and medium priority for each program/sector should remain as a guiding allocation for that program/sector. The Adviser Review Group (see Recommendation 2) will monitor adviser positions levels using the guiding allocation. The Adviser Review Group will ensure the aid program continues to reduce its reliance on technical advisers, and use of advisers is consistent with the priorities of the aid program as reflected in the Partnership for Development, program delivery strategies, and recommendations of this review.*

3.1 Implications and next steps

72. This review has found that technical advisers funded by the aid program are being used in a broad range of areas and are being managed and administered in a variety of ways. While there are many examples where advisers are being used effectively and are contributing to joint development priorities, in other areas adviser assignments have suffered from weak upfront analysis and design of positions, resulting in advisers that are gap-filling, being under-utilised or working ineffectively for a range of contextual reasons. Of the 487 positions assessed, 37 per cent were found to be low priority, resulting in 306 adviser positions recommended for continued aid program support. Savings from positions rated low represent up to A\$40

million (K100 million) over two years, which can be reallocated to higher priorities within the aid program.

73. This adviser review is to be considered by Ministers of Australia and PNG. The proposal to phase out positions rated 'low' priority has been agreed at Ministerial level. Ministerial responses will shape the way forward for each recommendation. It has also been conducted at the same time that the aid program is being reconsidered and refocused in response to the DCT Review. The outcomes of the latter will determine the focus areas of the aid program, which in turn will set the high level priorities for the use of technical advisers as one approach to addressing PNG's development challenges. A parallel exercise to assess where Australia can provide assistance to support PNG's LNG project will lead to a separate package of assistance under a Joint Understanding between PNG and Australia – this has remained outside the purview of this review.
74. All aid program activities in PNG will need to adjust their approaches to using technical advisers in accordance with the recommendations of this report, subject to its endorsement by Ministers. Where new programs are being designed, this report's recommendations will provide guidance on the design of components related to technical advisers. Where existing programs are being implemented, AusAID program managers and their GoPNG counterparts will need to assess existing practices related to the use of technical advisers and adjust them to incorporate this review's recommendations. This may also result in the need for contracts to be amended with service providers and managing contractors. The Advisory Review Group will provide high-level oversight to ensure that all programs take necessary steps to implement this review's findings.
75. For adviser positions that have been rated as "low priority", relevant sector programs will need to develop a specific exit strategy for each position. These will need to identify, in consultation with the relevant PNG agency, when the adviser's contract finishes, what tasks the adviser still needs to complete and what would be an appropriate way of phasing the position out, including relevant "handover" processes. Exit strategies should be as efficient as possible so that positions are only in place for as long as absolutely necessary to ensure a smooth transition. Contractual implications will need to be considered in determining timeframes for exit strategies. Exit strategies for all positions should be approved through existing sector program management mechanisms and reported to the Adviser Review Group during its next review point.
76. For adviser positions that have been rated as "medium priority", programs should reassess these positions in accordance with the issues identified during the consultations for this review. Changes made or recommended ways forward for these positions should be approved through existing sector

program management mechanisms, and reported to the Adviser Review Group at its next review point.

77. The Adviser Review Group should be established as a permanent body that conducts reviews of adviser positions across the aid program every six months, and reports to the Annual Partnership Dialogue. A draft terms of reference for the Adviser Review Group is at Annex 3.

Section 4 Conclusion

78. Technical advisers are a useful way for countries like PNG to gain access to skills, expertise, experience and knowledge that are in short supply domestically, particularly in the public service. They can provide both technical inputs and capacity development support so that the PNG Government can develop its own expertise and capabilities. In PNG's current context of a growing economy that is placing demands on government capacity, the relevance of technical advisers is likely to remain high.
79. This review has shown, however, that much needs to be done to improve the way that technical advisers are being used in the aid program. Technical advisers are an expensive resource and represent a high opportunity cost in terms of alternative development outcomes. They can only be effective in the right environment. Both governments need to be cautious, realistic and disciplined in how they are used, to ensure they will be effective and represent value-for-money. This report has identified a range of measures that can be taken to ensure that technical advisers are used more cost-effectively and to achieve development priorities. The ongoing commitment of both governments will be needed to ensure that these measures are implemented and technical advisory assistance has been optimised as an effective way for the aid program to contribute to PNG's development.

Section 5 Summary of recommendations

Recommendation 1: This review recommends the adoption of all of the recommendations from the DCT Review relating to the use of technical advisers.

Recommendation 2: The Review Team formed to conduct this review should continue to exist as a standing body (Adviser Review Group). The Adviser Review Group will not make decisions on adviser positions or numbers. It will be an oversight body that periodically reviews the use of advisers across the whole aid program, ensures prioritisation based on agreed development priorities and ensures consistency of approach. The Adviser Review Group will report to the Annual Australia-PNG Partnership Dialogue chaired by the AusAID Director General and the Secretary of the Department of National Planning and Monitoring.

Recommendation 3: Decision-making bodies for existing sector programs or facilities should adopt specified criteria for approving or rejecting requests for advisory assignments in accordance with good practice in capacity development. These criteria (specified at paragraph 42) relate to political and organisational context and constraints, senior management ownership and commitment to reform, and capacity development strategies.

Recommendation 4: Information on the availability, suitability, benefits, risks and costs of different forms of capacity development assistance other than technical advisers should be made readily available and easily accessible to all stakeholders of the aid program. AusAID should prepare this information and provide it to each program which will be responsible for integrating it into decision-making processes including those relating to technical advisers.

Recommendation 5: The average cost of a technical adviser assignment should be provided to the receiving PNG agency or organisation (and to GoPNG central agencies) so opportunity cost can be considered (in the context of a comprehensive diagnostic assessment) and the choice be provided as to whether these funds are used on the adviser assignment or some other mix of goods and services.

Recommendation 6: The aid program should introduce a cost-sharing arrangement for all adviser positions.

Recommendation 7: Adviser positions based in provinces should be developed in genuine partnership with the Provincial Administrator and his or her management team.

Recommendation 8: All programs should have a clear capacity building strategy that articulates how technical advisers and other forms of capacity building assistance will contribute to the capacity development objectives of the program.

Recommendation 9: Where this is not already the case, each adviser assignment should be based on a joint agreement between the PNG agency, the managing contractor (or, in the case of Australian Government officials, their home agency) and the adviser that clearly articulates the expected outputs, capacity development goals, adviser's approach in direct/hands-on or guiding/supporting, exit strategy, review processes, adviser's lines of accountability and responsibilities of all parties including agency head, counterparts and adviser.

Recommendation 10: Joint agreements should be reviewed semi-annually by the PNG agency, adviser and the managing contractor (or, in the case of Australian Government officials, their home agency) to track progress and address any issues arising. Where progress is severely hampered by issues that have arisen in the course of the assignment, the agency head (or senior delegate) should be responsible for taking appropriate actions including ending the assignment where there is no prospect for successful achievement of outcomes.

Recommendation 11: Increase the use of international in-line officers that are co-funded by the aid program in accordance with the model proposed in this review. If successful, promote this model as an option for strengthening capacity in PNG agencies. PNG and Australian Governments should further consider the place of Australian Government officials in moving advisers to clearer 'in-line' functions.

Recommendation 12: Robust design of adviser assignments should identify the right mix of skills and attributes required of the adviser, including the balance between technical and people skills.

Recommendation 13: AusAID's contracts with service providers (and arrangements with government agencies) supporting recruitment processes should be reviewed to ensure they contain the most appropriate incentives for recruitment of suitably skilled, quality candidates to adviser positions.

Recommendation 14: This review recommends the adoption of all of the recommendations from the 'Terms and conditions review', in order to improve the cost-effectiveness of technical advisers. The review team endorses AusAID's move to develop fee benchmarks for all market-sourced international technical adviser positions, which will ensure that adviser fees remain consistent with international market rates. AusAID should develop similar fee benchmarks for national adviser positions, aligned with PNG and other donor practices.

Recommendation 15: The Australian Government should look for ways to reduce the costs of the Strongim Gavman Program, including standardising terms and conditions with other Commonwealth Government postings.

Recommendation 16: Allowances should be paid on the basis of residential status rather than nationality. Allowances should be offered for provincially-based positions which offer sufficient incentive for both national and international advisers to take up such posts.

Recommendation 17: Both Governments should play a greater role in ensuring that adviser remuneration reflects value for money. AusAID should play an active role in the endorsement of all recruitment outcome submissions, ensuring that proper processes are followed and fees represent value-for-money assessed against agency benchmarks.

Recommendation 18: Advisers should not be used to gap-fill in corporate functions where PNG staff are capable of performing the functions, particularly where their presence and contribution is acting to defer resolution of underlying managerial issues.

Recommendation 19: PNG agencies should be supported to access local expertise in HR, financial management and IT, where low capacity is impacting on the agency's ability to deliver its core services.

Recommendation 20: The number of positions ranked high and medium priority for each program/sector should remain as a guiding allocation for that program/sector. The Adviser Review Group (see Recommendation 2) will monitor adviser positions levels using the guiding allocation. The Adviser Review Group will ensure the aid program continues to reduce its reliance on technical advisers, and use of advisers is consistent with the priorities of the aid program as reflected in the Partnership for Development, program delivery strategies, and recommendations of this review.

Annex 1 Review Terms of Reference

Joint Review of Technical Advisers in the PNG-Australia Development Cooperation Program

Terms of Reference

20 July 2010

1. **Background**

In May 2010, the Australian Minister for Foreign Affairs and Trade announced a review of technical advisers in the Australia aid program. At a Ministerial meeting in Alotau in PNG on 7-8 July, Australian and PNG Ministers agreed that a review of technical advisers in the PNG-Australia Development Cooperation Program would be completed for consideration by Australian and PNG Governments by 31 August.

2. **Purpose and objectives of the review**

The review will examine the role that advisers play in the PNG-Australia Development Cooperation Program, and will focus on the contribution that those positions make in meeting program objectives and outcomes. On the basis of this examination, the continued funding of adviser positions will be jointly considered by the two governments.

The objectives of the review are:

- To confirm the priority attached to each adviser position and assess whether it is an effective response to mutually agreed development needs and priorities;
- To establish baseline information about how advisers are being used, what capacity development needs they are addressing and how effectively they are meeting those needs;
- To contribute to the PNG Government's review of public service capacity and priority needs for implementing the *Vision 2050* and *Development Strategic Plan*.
- To assess whether the use of advisers in the PNG-Australia Development Cooperation Program is consistent with the PNG Commitment to Aid Effectiveness, including the *Protocol for Mobilising and Managing Technical Assistance in PNG* (**Annex 1.a**).

In order to confirm the priority attached to each adviser position and assess whether it is an effective response to mutually agreed development needs and priorities, every adviser position will be assessed as either high, medium or low priority. Informed decisions about the opportunity cost of, and therefore the priority attached to each position, will take into account a range of considerations including:

- value for money

- a clear articulation of the intended outcomes of the position (results) – including how the position is building capacity in host organisations
- whether there are alternative or more cost-effective ways of achieving these intended outcomes, and
- an assessment of the relative importance of the position to the broader country program and bilateral relationship.

The review will also result in an agreed process for regularly reviewing the use of advisers and new requests for adviser positions.

The review will provide a baseline for the aid program on adviser usage and provide information along the following lines:

- Which sectors rely heavily on advisers?
- What types of advisers are being used – independent consultants, whole-of-government deployees, local or international?
- What role are advisers playing – in-line, advisory?
- What types of organisations are advisers assisting – government, non-government, civil society, private sector?

The review will contribute to more substantive changes to the way Australian aid is delivered in PNG, increasing effectiveness and reducing reliance on long-term advisers.

3. Scope of the Review

Phase 1 of the review **will** consider:

- ‘adviser positions’ only, not the individuals in these positions or their performance, nor ‘Technical Assistance’ more broadly;
- ‘long term’ advisers – those providing at least 6 months input per year; and
- advisers in place during the 2010/11 (Australian) financial year and beyond (if known)

The review **will not** capture:

- Short term adviser positions (those providing less than six months input per year)
- Adviser positions on programs being delivered by multilateral organisations or by the PNG Government where procurement processes are those of the partner organisation
- Australian Government staff whose primary role is the management of aid program activities
- Volunteers
- Head office staff and company representatives of managing contractors and other implementing partners

The agreed definition of Advisers for the purposes of this review is at **Annex 1.b**.

4. Review process and methodology

The review will be conducted jointly by the governments of PNG and Australia. The Government of PNG will be represented by the Department of National Planning and Monitoring (DNPM) and the Department of Personnel Management (DPM), with the Department of Foreign Affairs and Trade playing an overarching coordination role. The Government of Australia will be represented by AusAID. Each department will nominate individuals to be on the Review Team that will conduct the review and draft the report.

The review will be conducted using a combination of data collection, document review and stakeholder consultation. Programs that involved advisory assistance will be asked to conduct an initial assessment of the use of advisers and the priority of each adviser position. This will be the basis of broad, high level and whole-of-government consultations with the heads of the departments, agencies and organisations receiving advisory assistance. All of this will feed into the drafting of a report that will be the basis of further consultation, before a final report is produced.

The report will include:

- An assessment of how advisory support is being used to strengthen the capacity of PNG institutions
- Decisions regarding the continuance or phasing out of all advisory positions
- Implications for the redesign of any programs in which advisory positions have been agreed to be of a lower priority
- An initial consideration of the contractual implications of these decisions
- Any suggested – or agreed – alternatives to advisory positions where these positions have been agreed to be of lower priority/cost-effectiveness (potential alternatives are listed in **Annex 1.c**)
- Agreed timeframes for the above actions
- An agreed process for assessing future requests for advisers

The Review Team will undertake the following tasks within the identified timeframe:

Task	Timeframe
Develop a list of all adviser positions that fall within the definition of advisers for the purposes of this review as per Annex B.	12 July
Write to all Government departments , provincial governments and other organisations that currently receive advisory assistance, informing them of this Review.	21 July
Initial assessments made of advisory positions within all programs (AusAID in consultation with implementing partners) based on program designs, TORs and M&E reports	22 July
Review Team workshop to analyse initial assessments and prepare for consultations	27 July
Consultations with senior representatives of the government departments, provincial governments and other organisations	28 July – 6 Aug

receiving advisory assistance.	
Questionnaires sent to provincial governments and any other stakeholders that cannot be interviewed directly, with responses due by 6 August.	22 July – 6 Aug
Drafting of report	9-13 August
Consultations on draft report	16-24 August
Drafting of final report	25-30 August
Submission of final report to both governments	31 August

5. Key principles for the conduct of this review

The following key messages should be provided to all stakeholders about the review:

- The review is of advisory positions, not the personnel currently filling those positions or his/her performance
- The objective is to assess and confirm that each adviser position is the most effective, value-for-money response to meeting development needs and mutual priorities.
- Cost-effectiveness is an element of the overall assessment but the remuneration of individuals will not be shared or considered, in strict accordance with the Privacy Act (Australia). Average costs of an adviser under a program will be used to assess value-for-money.
- Where positions are identified as low priority, a sensible approach to phase-out and transition will be developed.

Annex 1.a PNG Commitment on Aid Effectiveness

ANNEX IV: PROTOCOL FOR MOBILISING AND MANAGING TECHNICAL ASSISTANCE IN PAPUA NEW GUINEA

1. Purpose

Consistent with the principles of the Paris Declaration on Aid Effectiveness, the Government of Papua New Guinea (GoPNG) and its Development Partners have agreed to put in place some shared principles and operating guidelines to ensure the more effective use of Technical Assistance provided to Papua New Guinea (PNG) within development aid programs or projects. This agreement also follows the direction of the Madang Plan of Action, and aims to giving practical effect to our joint Statement 'Principles and Actions for Making Aid More Effective in PNG' by which we have agreed to monitor the overall effectiveness of Technical Assistance in Papua New Guinea.

2. Definition

Technical Assistance includes aid in the form of specialized expertise and advice provided through development aid programs. It includes consultancies, advisors, trainings and services, as well as equipment or infrastructure to build capacity. Technical Assistance is provided to build and enhance capacity with the overall objective to promote development within its different dimensions in Papua New Guinea.

3. Principles

Technical Assistance will be based on the principles of the Paris Declaration on Aid Effectiveness:

- A. **Ownership:** GoPNG to exercise leadership over Technical Assistance provided to Papua New Guinea through various technical cooperation programs
- B. **Alignment:** Development Partners and GoPNG to ensure Technical Assistance is aligned to PNG development priorities. Development Partners and GoPNG to progressively use GoPNG systems and processes to manage Technical Assistance (where appropriate) and consider how these systems and processes might be strengthened.
- C. **Harmonisation:** Development Partners and GoPNG will mutually agree on how Technical Assistance is provided through the use of common arrangements and program-based approaches
- D. **Managing for Results:** Development Partners and GoPNG to identify transparent and monitorable performance assessment mechanisms to measure the quality and impact of Technical Assistance in Papua New Guinea

- E. **Mutual Accountability:** Development Partners and GoPNG to undertake mutual assessments of progress in implementation and disbursement of Technical Assistance to Papua New Guinea.

Provision of Technical Assistance to Papua New Guinea will be based on:

- (a) **Demand driven:** The provision of Technical Assistance should be demand driven based on the GoPNG capacity-enhancement needs as expressed by PNG.
- (b) **PNG involvement in key processes:** GoPNG, including at least one senior officer in the receiving agency, should take part in the selection processes of each Technical Adviser, including interview processes where possible, prior to selection. Technical Advisers will report jointly to PNG host agencies and the sponsoring development agency.
- (c) **Local Capacity Building:** Technical Assistance should contribute to the development of local capacities by building the capacity of key agency staff, linking or supporting existing GoPNG capacity building initiatives such as PSWDI and/or engaging local advisers and consultants where feasible. The ToR and Workplan should be developed according to agency needs and priorities
- (d) **Integration:** Technical Assistance (Advisers) should generally be delivered as a component within a broader development aid-intervention, rather than as an isolated action, unless exceptionally required. Technical Assistance (Advisers) should also be coordinated with other forms of aid including scholarships.
- (e) **Partnership and strategic alliances:** Technical Assistance should generally harness the relationship between Development Partners and Government by forming strategic alliances and supporting close integration of national, provincial and local levels government and the private sector to effectively mobilise and deliver Technical Assistance
- (f) **Cost effectiveness:** Technical Assistance should seek to utilise the most cost effective means to achieve the development objective and consider the opportunity costs.

Operating guidelines

- GoPNG and Development Partners will carry out joint assessment of requirements for technical advisers based on the capacity needs of PNG agencies. Terms of Reference should be mutually agreed between GoPNG line agencies and provided to DNPM.
- Specific objectives, deliverables and results of Technical Advisers must be clearly articulated in the Terms of Reference.
- GoPNG and Development Partners will carry out joint selection process in

identifying capacity building and TA expertise

- GoPNG line departments and Development Partners will provide the Technical Assistance teams comprehensive and relevant induction programs, and will encourage strong engagement with GoPNG officials.
- Development Partners and the GoPNG will undertake the mutual assessment of Technical Advisers' performance in the country, both in individual cases and for whole programs. This should include yearly appraisals. Reviewing of TOR should be done regularly to reflect ongoing changes and needs .
- GoPNG and Development Partners will identify the best possible and cost effective way to manage Technical Advisers. This should include an oversight group which acts as a partnership between government and Development Partners.
- Technical Advisers will report jointly to PNG host agencies and the sponsoring development agency.
- GoPNG will do its best efforts to nominate the most appropriate and suitable personnel as key agency staff/counterparts to ensure that sustainability issues are addressed and there is proper transfer of skills and knowledge. Unless specifically agreed for urgent developmental reasons, TA adviser assignments should not proceed without nominated available PNG counterpart(s)
- GoPNG and Development Partners will seek to incorporate lessons learnt in PNG and internationally on key factors for successful TA.
For further consideration through the study group
- The estimated costs of Technical Assistance Advisers will be discussed between Development Partners, the receiving agency and the Aid Policy and Coordination Directorate prior to recruitment.
- Use of local technical advisers and implications for government staff turnover

Annex 1.b Definition of Advisers for purposes of joint review

Adviser: An adviser provides advice – to one or more interlocutors – on the strategic direction and/or implementation of Australian aid. This includes personnel that perform one or more the following functions:		
(1) Provide technical expertise and advice to counterpart governments and/or other in-country development partners such as NGOs, churches	(2) Provide technical expertise and advice to AusAID	(3) Engaged to provide leadership and oversight and/or technical inputs for the delivery of an AusAID activity
Methods of engagement: - Directly by AusAID - Through a managing contractor or NGO - WofG deployees (including AusAID DPS), unless primary role is managing aid program activities. - Contracted by WofG agency using ODA funds	Methods of engagement: - Directly by AusAID on a commercial contract or a non-ongoing employment contract - Through a managing contractor	Methods of engagement: - Through a managing contractor - Directly by AusAID
Eg: Technical project/ program staff based in a counterpart office; WofG deployee or AusAID DPS based in a national or provincial govt office	Eg: Thematic adviser based in a Post	Eg: Team Leaders or Program Directors

Not included:

- Short term advisers (inputs of less than 6 months).
- Adviser positions on activities funded (entirely or in part) by AusAID which are being implemented by partner governments or multilateral organisations and where the advisers were procured using their procurement processes.
- Whole-of-government deployees and AusAID DPS staff whose primary role is the management of aid program activities.
- Volunteers.
- Personnel deployed under the Australian Civilian Core or the Emergency Rapid Response Team.
- Head office staff/company representatives of managing contractors, other implementing organisations or NGOs.

Annex 1.c Alternative methods to building capacity

- Short-term training
- Initiating for cooperation between developing countries
- Initiating inter-provincial/district exchanges and peer learning
- Equipment, buildings, refurbishments, facilities, vehicles and other supplies regarded as necessary for organisations to achieve their objectives and for competencies and capabilities to be demonstrated
- Study tours
- Scholarships
- Workshops, symposia
- Exchanges
- Twinning
- Budget support
- Grants – direct, co-financed, incentive-based
- Payments on having completed actions
- Internal professional development programs
- Inclusion in professional associations and networks (local, regional, bilateral or global)
- Support in establishing professional associations in partner countries
- Support for annual regional conferences
- Collaborative research and collaborative reviews/evaluations (including mix of stakeholders, eg local Universities, other donors etc.)
- Joint program and policy development, or joint participation in internal or external working groups within or beyond partnerships
- Joint direct or indirect development of manuals, procedures, best practice advice within or beyond partnerships
- Blended approaches – combining some of the above into one approach

Annex 2 Case studies – where technical advisory support has worked well

(A) National Forestry Authority

The key enablers of governance capacity building include sound, strong, stable and willing leadership, independence from poorly functioning higher level agencies, and capacity building support in the three cornerstones of governance – planning, human resource management and finance.

Since 2003 ASF had placed capacity building governance advisers in the PNGFA. However, leadership problems and reliance on other agencies did not provide an enabling environment until 2007 when the current Managing Director was appointed. Prior to this, attempts by advisers to get ownership and commitment to changes at any level mostly failed or were frustrated. The systems were dysfunctional, staff unmotivated and the agency had no clear purpose: it was going nowhere with doubtful value for money, and consideration was being given to withdraw adviser support .

The new Managing Director appointed in 2007 provided enthusiasm, clear leadership and desire for improvements which created an enabling environment for change. More progress on good governance was made in the subsequent two years than all the previous four years. Fully functional corporate and annual plans are in place, the PNGFA has been successfully re-structured to reflect its mandate, the charts of accounts reflect the structure, all positions in the new structure have been successfully filled in a transparent and fair way, and the many systems of the agency are functioning well. While further work is needed to bed down annual planning reviews and link work unit outcomes to performance pay, the PNGFA is a clear example of where advisers have supported improved capacity and governance. Adviser support is being progressively phased out at the agency's request and all support for governance reform should be completed by 2011. Once the environment was truly enabling, the process to successfully build good governance took four years to achieve through matching good advisory assistance with strong and committed GoPNG leadership.

(B) National Economic and Fiscal Commission

Dr Nao Badu was the Deputy Secretary of the Prime Minister's Department when in 1998 he was appointed as Chairman of the National Economic and Fiscal Commission (NEFC). He was given no staff, a very small budget and had not much idea of what he was supposed to do. The NEFC had "withered away" over many years due to lack of government support or interest. He sought help from a range of agencies and people without success. Dr Badu recalls that "One day, someone turned up at my door with a big smile on her face and said 'Hi, I'm an adviser and I'm here to help you' – that was how it all started".

With the assistance of this adviser and three or four others over a seven year period, the aid program assisted the NEFC to reform PNG's system of inter-governmental

financing. This has led to a more transparent, fair and robust system of providing funding to provincial governments to deliver crucial services in health, education, infrastructure, agriculture and village courts. The reforms have so far led to a 25% increase in service delivery funding for provinces and is expected to lead to more over the next four years.

AusAID support to such a broad-ranging reform process was shaped by two factors. First, a reform of this nature is highly political and so could not succeed unless it was completely owned by the government of Papua New Guinea. Second, the primary objective was to support the development of *system capacity*, rather than individual or organisational capacity. Individual or organisational capacity followed, but it was less important to ensure sustainability in an individual or organisational context than it was to ensure sustainability of system capacity.

On this basis technical advisory support was provided to the NEFC that was effectively gap-filling. The purpose of the TA was not so much to build the capacity of the NEFC to carry out a major reform process (although this did occur). Rather the TA was to provide NEFC with the technical capacity to support that process. This was justified on the basis that it would take a long time to build that capacity in house, during which time service delivery outcomes would continue to be adversely impacted by the problems in the intergovernmental financing system. In addition, the TA was being provided for a one-off process. Building in house capacity for such a specialised and time-bound policy process would not have been efficient. Even in developed countries, these kinds of specialised and short-term technical requirements are often filled with consultants hired for the duration of the policy process. In this case it was the Australian aid program which paid for the hire of the specialist expertise, rather than the PNG government.¹⁴

(C) Eastern Highlands Province – Law and Justice Adviser

Tribal conflicts are a significant law and order problem in PNG's highlands. The size of the problem is often not truly understood by 'outsiders'. Numbers killed (body counts) are not kept (people never want the other side to know the death rate) but the Provincial Administration believes around four hundred (400) are killed annually. This, together with the many hundreds more displaced from their homes and villages through the trauma and fear associated with the killings, illustrates the gravity of the situation. The Eastern Highlands Provincial Administration recognised this as a severe problem and sought assistance from the Australian Government through its PNG-Australia Law and Justice Partnership (PALJP).

As part of a pilot program that provided funding as well as one technical adviser, the PALJP has helped the Eastern Highlands Provincial Administration to establish a Law and Justice Division, to better coordinate the law and justice agencies in the province and address the province's law and justice priorities. The initiative has been highly successful, largely as a result of the skills and experience of the technical adviser and the way he has worked with the Provincial Administration, law and justice agencies,

¹⁴ Kathy Whimp, *PNG Subnational Strategy Mid-Term Review Case Study #4: "Policy Process supporting Intergovernmental Reforms"*, 2009.

communities and other stakeholders. 52 of the 78 tribal fights (or 66%) that were plaguing the province are now dormant or have normalised, due to the establishment of District Peace Management Teams to coordinate mediation and dispute resolution. The Technical Adviser was critical in supporting these and other initiatives.

The Provincial Administrator said of the technical adviser that “he is part of our team, always in the office, directing people and checking on them. He is not an outsider but is always there. He was born in PNG and so he understands the culture. He was a policeman so he understanding police work and doesn’t put up with excuses. He knows how to get things done and helps our people to do it.”

(D) Department for Community Development – Testimonial from Secretary

Over the past five years, my Department has received valuable assistance from AusAID, through advisory placements; specifically in the areas of: Human Resources, Financial Management, Change Management; Corporate Reform, and Information and Communication Technology.

This advisory assistance has been an integral part of driving reforms and improvements to how we do business. There have been a number of success factors in the effectiveness of advisory support, these include:

- Strong leadership at all levels, from the top, middle and lower management, to drive change and achieve goals.
- Clear work plans, roles and responsibilities that are strongly aligned with our Corporate and Annual Plans and are able to be flexible to meet our requirements.
- Staff being aware of the adviser’s objectives and willing to learn and own the change process.
- A hands-on approach, working side-by-side with my staff and having clearly identified counterparts.
- Integration into our work, including Executive and Management meetings.
- Advisers presenting options for consideration, rather than solutions.

The advisers have formed trusting working relationships; suggested simple and practical solutions to complex problems; taught and transferred skills, to help our staff grow; they have been humble and friendly people who fit in well, and have been willing to listen and learn. This has been integral to the success of the placements; and we have recruited for these attributes as getting the right people for the job is important.

Of the initiatives that advisers have worked on, many are still visible today. This demonstrates whether things remain after an adviser departs and is the test of effective technical advisory assistance; examples include:

- Reconciliation reports to Department of Finance which were previously well behind, are now done effectively and on-time by staff.
- We now have a more coherent, strategic approach through the introduction of a Strategic Management Framework that has improved our ability to plan and report, while assessing achievements and lessons.

- Overall improved corporate governance has resulted in favourable consideration from Treasury and Finance on budget submissions. Contributing to our ability to implement policy, including the Integrated Community Development Policy, which will see improved access to services at the district level.

There are some areas where inputs have not been sustained and this has typically been due to the absence of one or more of the success factors mentioned above. We also need to recognise that change takes time and in many circumstances needs to be incremental to gain lasting results.

Joseph Klapat, Secretary, Department for Community Development

Annex 3 Terms of Reference

PNG-Australia Joint Adviser Review Group

Background

1. Technical advisers have been a significant element of the PNG-Australia Development Cooperation Program ('the aid program') over two decades. Advisers, for which there remains strong demand, have made an important contribution to building skills and capacity of people, organisations and systems. However, advisory inputs are not always the most appropriate and effective response to a development need. In the 2010/11 Australian Budget Statement, the Australian Foreign Minister announced a review of all adviser positions funded by the Australian aid program. Australia and PNG agreed to a joint review to assess the cost and effectiveness of technical advisers in the PNG-Australia aid program.
2. The review recommended an Adviser Review Group should be established as an oversight body to periodically scrutinise the use of advisers across the whole aid program, track levels of adviser positions across sector programs, ensure a consistent approach and prioritisation based on agreed development priorities. The Adviser Review Group would report to the Annual Australia-PNG Partnership Dialogue chaired by the AusAID Director General and the Secretary of the Department of National Planning and Monitoring.

Objective

3. The Adviser Review Group is a mechanism to maintain executive level scrutiny on the use of technical advisers¹⁵ in the aid program. The Group will periodically examine, at least twice a year, the allocation of adviser resources both in terms of numbers of advisers in each sector and expenditure as a proportion of the relevant total sector budget.

Guiding Sector Allocation

4. Advisers will be managed within a guiding allocation for each sector defined as expenditure on advisers as a proportion of the relevant total sector budget.
5. The Adviser Review Group will approve any adviser position above the guiding allocation for advisers following consideration of a business case for the position, developed in consultation with relevant whole of government partners in PNG and Australia. All items for consideration at the Review Group will be distributed sufficiently in advance of the meeting to allow appropriate whole of government consultations to inform decisions of the meeting. The Group will be held accountable for sound decision making by the co-chairs of the Australia-PNG Partnership Dialogue where they will present each year including on overall adviser

¹⁵ For the purpose of the terms of reference and any annexes to it, advisers are defined as per the terms of reference for the Joint Adviser Review.

numbers and decisions for any increases above the guiding allocation.

Membership

6. The Adviser Review Group will comprise the Minister Counsellor AusAID Port Moresby, the AusAID Chief of Operations and two senior representatives, at the level of Departmental Secretary, from PNG Government agencies.

Chairing and Quorum

7. The chair of the meeting will rotate between the Minister Counsellor AusAID and a PNG Adviser Review Group member. A quorum would consist of the Minister Counsellor AusAID or her delegate and at least one Senior PNG Government official.

Frequency of Meetings

8. The Adviser Review Group will meet at least twice a year with no longer than seven months between meetings.

Record of Meeting

9. The Adviser Review Group Secretariat will compile a record of meeting and any recommendations will be noted for presentation to the annual Australia-PNG Partnership Dialogue.

Reporting Mechanisms

10. Decision-making bodies for sectors will adopt a framework for managing levels of adviser positions in line with guiding allocations set by the Adviser review. Decision-making bodies will act as sub-committees, reporting and making recommendation to the Adviser Review Group (executive committee) on the level of expenditure and actual adviser numbers within the sector.
11. PNG representatives on the Adviser Review Group will provide regular reporting to the PNG Government Central Agencies Coordinating Committee. Australian representatives will provide regular reporting to the Government of Australia through existing AusAID corporate mechanisms. Both governments will report to the annual Australia-PNG Partnership Dialogue.

Secretariat support

12. The Adviser Review Group will be supported by a Secretariat, coordinated by AusAID Port Moresby.

Functions of the Adviser Review Group

13. The Adviser Review Group will be an executive level governance mechanism providing whole-of-program oversight. While it may comment on individual advisers, existing decision-making bodies for each sector program, using guidance from the review, and under the guiding sector allocation, will continue to determine when a technical adviser will

be the most effective and efficient form of support in an individual program.

14. The Adviser Review Group will:
 - a. Monitor progress on the implementation of recommendations from the 2010 Joint Review of Technical Advisers in the PNG-Australia Development Cooperation Program.
 - b. Use sectoral reporting framework to assess whether levels of adviser support are aligned with agreed development priorities and focus areas of the aid program.
 - c. Use sector reporting framework to scrutinise levels of advisers across sectors and programs, make recommendations in support/decline increased levels of advisers and review ongoing needs within the guiding allocations set by the joint adviser review.
 - d. Report on the allocation of adviser resources in terms of (a) numbers of advisers, (b) expenditure as a proportion in each sector and (c) the proportion of TA for the total program budget.
 - e. Following consideration of a business case, approve any new positions above the guiding allocation for advisers and report such approvals to the Annual Australia-PNG Partnership Dialogue chaired by the AusAID Director General and the Secretary of the Department of National Planning and Monitoring.
 - f. Ensure use of advisers is consistent with the *Protocol for Mobilising Technical Assistance* attached to the *PNG Commitment on Aid Effectiveness*.
 - g. Provide strategic and operational advice to both Governments on the effective and coherent use of technical advisers in the aid program.

Annex 4 List of consultations

The review team consulted widely within Australian and PNG Governments. A list of all PNG Government agencies and relevant senior officials consulted is provided below. Consultations were also held with Australian Government agencies engaged in the aid program, AusAID program managers, and managing contractors.

	<i>Name/Position</i>	<i>Department/Agency</i>
1	Mr Manasupe Zurenuoc	Acting Chief Secretary and Secretary Department of Provincial and Local Government Affairs (DPLGA)
2	Mr Julius Wargirai	Director Performance Management Division, DPLGA
3	Mr Dickson Guina	Director Capacity Building Division of DPLGA
4	Dr Joseph Pagelio	Secretary, National Department of Education
5	Mr. Luke Taita	Deputy Secretary, National Department of Education
6	Dr Clement Malau	Secretary, National Department of Health
7	Mr Mark Mauludu	Deputy Secretary National Health Policy & Corporate Services, National Department of Health
8	Mr Joseph Klapat	Secretary Department for Community Development
9	Mr Wep Kanawi	Director National AIDS Council
10	Mr Steven Gibson	Deputy Secretary Department of Finance
11	Deputy Secretary Policy	Department of Treasury
12	Acting Deputy Secretary Operations	Department of Treasury
13	Ms Maria Kopkop	Chairperson, Port Moresby Technical College
14	Mr Allan Tira	Principal, Port Moresby Technical College
15	Prof Ross Haynes	Vice Chancellor, University of PNG
16	Mr Raymond Masono	Deputy Administrator, Autonomous Region of Bougainville
17	Ms Margaret Elias	Department of Prime Minister and NEC
18	Mr Joseph Lelang	Secretary, Department National Planning and Monitoring
19	Mr John Kali	Department of Personnel Management
20	Mr Manasupe Zurenuoc	Secretary, Department Provincial and Local Government Affairs

21	Mr Fred Punangi	Secretary, Department of Defence
22	Dr Lawrence Kalinoe	Secretary, Department of Justice and Attorney General
23	Mr Henry Parakei	Secretary, Department of Transport
24	Mr Joel Luma	Secretary, Department of Works
25	Mr Memafu Kapera	National Broadcasting Commission
26	Dr Wari Iamo	Secretary, Dept of Environment and Conservation
27	Deputy Commissioner Tom Kulunga	Royal Papua New Guinea Constabulary
28	Mr Ron Silovo	National Courts
29	Mr Jack August	Magisterial Services
30		Ombudsman Commission
31	Henry Wavick	Acting Commissioner, Correctional Services
32	Jim Wala Temata	Public Prosecutor, Department of Justice and Attorney General
34	Mr George Sulliman	Auditor General's Office
35	Ms Betty Palaso	Internal Revenue Commission
36	Mr John Pinisi	PNG Customs Service
37	John Iso	Assistant Director Monitoring & Evaluation, Office of Higher Education
38	Dr Norah Omot	National Agricultural Research Institute
39	Mr. Robert Lutulele	Fresh Food Development Corporation
40	Mr. Ellison Pidik	Coffee Industry Corporation
41	Mr. Martin Powell	Cocoa and Coconut Research Institute
42	Mr. Kanawi Pouru	PNG Forest Authority
43	Mr Yala Yatu	PNG Institute of Public Affairs
44	Mr. Brian Riches	PNG Ports Authority
45	Mr. Wilson Sagati	Civil Aviation Authority
46	Mr. Chris Rupen	National Maritime Safety Authority
47	Mr. Joe Kintau	National Airport Corporation
48	Captain Ted Paki	PNG Air Services Ltd

Annex 5 References

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