

Papua New Guinea – Australia
Transport Sector Support Program (Phase 2)

Design and Implementation Framework

Annexes to Main Volume

January 2013

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Annex 1: Key Agencies and Partners

Agency	Key Functions & Legislation
<p>Autonomous Region of Bougainville (ABG) Division of Technical Services (DTS)</p> <p>Funded Staff: 23 (11 vacant)</p> <p>Recurrent (2012): K 78,396,000</p> <p>Development (2012): K139,349,000</p>	<p><i>Constitution of the Autonomous Region of Bougainville</i></p> <p>http://www.pacii.org/pg/legis/consol_act/cotarob2004558/</p> <p>Division of Technical Services is the services implementation division of the ABG responsible for procurement and implementation of goods, facilities and infrastructure.</p>
<p>Central Agencies Coordinating Committee (CACC)</p>	<p><i>Prime Minister and National Executive Council Act 2002</i></p> <p>http://www.pacii.org/pg/legis/consol_act/pmaneca2002445/</p> <p>Wide-ranging powers to assist the Prime Minister, the National Executive Council and committees (including the National Planning Committee) established by the National Executive Council in carrying out their respective functions by reviewing and making recommendations on any matters requiring their attention, including submissions to the National Executive Council; to ensure that decisions made by NEC are implemented; co-ordinate formulation of national budget, plans and programs; review and report on the performance and management of individual Departments and agencies of Government including Provinces; and undertake investigations and produce reports on any matters required of it by the Prime Minister, the National Executive Council or any committee (including the National Planning Committee) established by the National Executive Council; responsible for performance management within the National Public Service and public bodies, including ensuring the timely preparation of annual reports by Departments and public bodies and their submission to the National Executive Council.</p>
<p>Civil Aviation Safety Authority of Papua New Guinea (CASA)</p> <p>Funded Staff: 45</p> <p>Recurrent (2012): K10,483,000</p> <p>Development (2012): K Nil</p>	<p><i>Civil Aviation Act 2000</i></p> <p>http://www.pacii.org/pg/legis/consol_act/caa2000154/</p> <ul style="list-style-type: none"> • effective entry control and monitoring of people and organisations; • effective analysis and intervention; • international alignment and effective engagement; • responsive to aviation sector changes; and • capable and efficient business processes, information systems, and people <p>www.casapng.gov.pg for further information</p>
<p>Department of Finance</p>	<p>The Department of Treasury and the Department of Finance share responsibility for the flow of and accounting for government funds. The DNPM is responsible for overseeing development funded activities.</p>
<p>Department of National Planning & Monitoring (DNPM)</p>	<p>The role of DNPM is to lead, plan, coordinate and facilitate appropriate national and international initiatives that address and promote equitable and sustainable development of Papua New Guinea, in accordance with both a long-term vision for the Nation that has the support of the citizens of Papua New Guinea and the five (5) directive principles of the <i>Constitution</i>, the Department of National Planning and Monitoring acts as the key central agency advising Government on matters relating to strategic development; development policy; development planning and programming; foreign aid coordination and management; and monitoring and evaluation of national development projects and programmes.</p> <p>www.planning.gov.pg for further information</p>

Agency	Key Functions & Legislation
<p>Department of Transport (DoT)</p> <p>Funded Staff: 255 (does not include casuals)</p> <p>Recurrent (2012): K21,856,000</p> <p>Development (2012): K25,757,000</p>	<p>The Land Transport Division (LTD) of the DoT is responsible for the administration and enforcing the Motor Traffic Act and Regulations and recommending areas where change is required. The responsibilities of LTD are nationwide and cover:</p> <ul style="list-style-type: none"> • Vehicle registration (outsourced to MVIL); • Driver Licensing; • Public vehicle licensing; • Vehicle roadworthiness certification; • Authorisation and examination of vehicle inspection stations; • Construction of public vehicles; and • Mass and dimensions of motor vehicles. <p>Current drafting of the NTS would suggest that DoT is considering divesting itself of all its service delivery obligations and establishing a Road Traffic Authority (RTA) to fulfil the consolidated functions of the LTD, Land Transport Board (LTB) and the National Road Safety Council (NRSC). The RTA would then outsource motor vehicle registration and licensing to the Motor Vehicles Insurance Ltd (MVIL).</p> <p>MVIL is currently a state owned enterprise that administers motor vehicle registration and licensing for the LTD of the DoT. Driver behaviour in regard to obedience of traffic rules, speed restrictions etc. are enforced by the Police Traffic Division.</p> <p>The Land Transport Board was established under the Land Transport Board Act (1968, as amended) with powers to issue certificates of registration for public hire cars (taxis), private hire cars and omnibuses (PMVs). The LTBs powers override those of the Superintendent of Traffic under the Motor Traffic Act.</p>
<p>Department of Works (DoW)</p> <p>Funded Staff: 1,911</p> <p>Recurrent (2012): K165,069,000</p> <p>Development (2012): K760,885,000</p>	<p>The Department of Works will provide and maintain a priority road network that will contribute to a holistic quality of life that can be embraced and enjoyed by the people of Papua New Guinea with access to opportunities available in a modern global village.</p> <p>The Department of Works helps the National Government achieve its policy objectives by contributing to six (6) key outcomes / goals. The Corporate Goals and Deliverables are:</p> <p>Goal 1: Provide Safe and Trafficable Roads</p> <p>Goal 2: Corridor Land Management</p> <p>Goal 3; Program Development and Delivery</p> <p>Goal 4: Building Infrastructure Management</p> <p>Goal 5: Effective Relationships</p> <p>Goal 6: Capable Organisation</p> <p>Department of Works mission statement is as follows:</p> <p><i>"DoW exists to provide and maintain an adequate and safe priority road network in an accountable, transparent and environmentally sustainable manner in consultation with stakeholders to facilitate national development and embrace the standard of living as embodied in the Constitution of PNG."</i></p> <p>www.works.gov.pg for further information</p>
<p>Department of Treasury</p>	<p>DNPM and the Department of Treasury share central planning and budgeting functions – DNPM for development funded activities and Treasury for recurrent activities. This is overseen by the Central Agency Coordinating Committee (CACC) and the National Executive Council (NEC) and ultimately Parliament, which approves budgets.</p>
<p>Independent Public Business Corporation (IPBC)</p>	<p>The Independent Public Business Corporation (IPBC) has Trusteeship over the PNG Ports Corporation Ltd (and other SOEs) and thereby has an influence in reference to commercial and some community service</p>

Agency	Key Functions & Legislation
	aspects of agency policy and service delivery.
National Airports Corporation (NAC) Funded Staff: 385 Recurrent (2012): Nil budget appropriation Development (2012): K49,848,000	<i>Civil Aviation Act 2000</i> NAC is responsible for 22 national airports in PNG including the country's gateway Jacksons International Airport Port Moresby. NAC is a statutory authority.
National Maritime Safety Authority (NMSA) Funded Staff: 60 Recurrent (2012): K1,704,000 Development (2012): K5,000,000	<i>National Maritime Safety Authority Act 2003</i> <ul style="list-style-type: none"> • Ensure a fully - functioning and effective network of maritime navigational aids; • Ensure the availability of high-quality, up-to-date navigational charts; • Ensure that vessels meet the safety standards required by PNG's legislation, regulations and commitments under International Maritime Organisation (IMO) conventions; • Ensure seafarers competency through certification and documentation of work experience; • Help to coordinate responses to distress calls. • Issue and enforce pollution control standards in accordance with international agreements; • Help to coordinate the clean-up of marine pollution. www.nmsa.gov.pg for further information
National Roads Authority (NRA) Funded Staff: 21 Recurrent (2012): K Nil budget appropriation Development (2012): K15,000,000	<i>National Roads Authority Act 2003</i> http://www.paclii.org/pg/legis/consol_act/nraa2003279/ The National Roads Authority was established in May 2003 to provide management and maintenance of national roads. The implementation of its programs is outsourced to the private sector and other agencies for the actual road works and management of contracts. The NRA's objective is to have a well-managed and maintained road network. www.nra.gov.pg for further information
National Road Safety Council (NRSC) Funded Staff: 20-25 Recurrent (2012): K Nil budget appropriation Development (2012): K1,000,000	<i>National Road Safety Council Act 1997</i> http://www.paclii.org/pg/legis/consol_act/nrsca1997273/ <ul style="list-style-type: none"> • to formulate, monitor and update an appropriate long term national programme and to supervise its implementation. • to enlist the aid of all agencies who are able to promote road safety. • to determine measures which will lead to the improvement of road safety and to control and co-ordinate the planning and implementation. • to advise on road safety. • to recommend the adoption of precautionary measures. • to foster and promote road safety research. • to foster, promote and conduct educational campaigns. • to monitor and evaluate effectiveness of programs and strategies. www.nrsc.gov.pg for further information
Office of the Prime Minister & National Executive Council	Oversight of policy development and implementation is the remit of the Central Agency Coordinating Committee (CACC) and the National Executive Council (NEC) and ultimately Parliament and the People of PNG.
PNG Accident Investigation Commission (AIC) Funded Staff: 15	<i>Civil Aviation Act 2000</i> http://www.paclii.org/pg/legis/consol_act/caa2000154/ <ul style="list-style-type: none"> • to make such inquiries and investigations as it considers appropriate in order to ascertain the cause or causes of accidents or incidents;

Agency	Key Functions & Legislation
Recurrent (2012): K 3,268,000 Development (2012): K2,500,000	<ul style="list-style-type: none"> • to prepare and publish findings and recommendations, if any, in respect of any such inquiries and investigation; • to co-ordinate and co-operate with other accident investigation organizations of Contracting States, including taking or collecting evidence on their behalf; • with the consent of the Minister, to provide consulting services, training and management services relating to any of its functions, whether in Papua New Guinea or overseas.
PNG Air Services Ltd (PNGASL) Funded Staff: 200 Recurrent (2012): K37.4 Development (2012): K5,000,000	<p><i>Civil Aviation Act 2000</i></p> <p>http://www.paclii.org/pg/legis/consol_act/caa2000154/</p> <p>On the 1st of January 2008, PNGASL assumed the functions previously undertaken by the Civil Aviation Authority of PNG and is operating under legislative protection as a monopoly provider of Communications, Navigation and Surveillance (CNS) and Air Traffic Management (ATM) services.</p> <p>Under the Civil Aviation Act (2000) Section 143, PNGASL is a protected monopoly business to deliver air navigation services in Papua New Guinea. Revenue is raised by the issuing of aeronautical charges to airlines for services provided to aircraft that operate in PNG airspace, which is an area approximately 1000 nautical miles from North to South (latitude) and approximately 1,400 nautical miles wide in longitude.</p> <p>PNGASL is a company that delivers air navigation services to airline and general aviation aircraft, and charges a fee for the rendered service.</p> <p>www.pngairservices.com.pg for further information</p>
PNG Ports Corporation Ltd (PNG Ports) Funded Staff: 650 Recurrent (2012): K Nil budget appropriations Development (2012): K 28,100,000	<p><i>PNG Harbours Board Act (Chapter 240)</i> as amended in 2002 in association with the <i>Privatisation Act 1999</i>. Company registered on 19 June 2002.</p> <p>www.pngports.com.pg for further information</p>
Transport Sector Coordination, Monitoring and Implementation Committee (TSCMIC)	<p>TSCMIC was established by the NEC as a sector secretariat to monitor and coordinate activities, to support the sector plan and budget together with oversight of the implementation of NEC decisions. TSCMIC is located within the Department of Transport and chair by its secretary. The TSCMIC secretariat receives administrative support from the TSSP Implementing Service Provider (ISP) and the AusAID TSSP Program Director.</p> <p>The members of TSCMIC are:</p> <ul style="list-style-type: none"> • The transport sector agencies, authorities and corporations (above) • Department of National Planning and Monitoring (DNPM) • Department of Prime Minister and National Executive Council (NEC) • Department of Treasury (Treasury) • Department of Finance (DoF). • AusAID <p>This linkage to the central agencies is a deliberate sector strategy, supported by TSSP to strengthen sector performance and accountability to government.</p>

Annex 2 – Development Partner Activities

Asian Development Bank

The ADB currently has the largest portfolio of support programs/projects in the transport sector. These are predominantly loan funded projects utilising two major Multitranches Financing Facilities and include:

- Highlands Region Road Improvement Investment Program (HRRIP) (PNG40173) (MFF 0029), US\$600 Million, 2008-2018, improvements of 1,400 km followed by long term maintenance contracts for entire 2,500 km, utilising road user charges
- National Airport Development Sector Project: Civil Aviation Development Investment Program (CADIP) Multitranches Financing Facility (MFF 0039); US\$565 million, 2009-18, for airport improvement and maintenance: runways, taxiways, aprons, fences
- Lae Port Development Project: Lae Port Development Project Tidal Basin Phase I (Loan 2398/2399); US\$154 Million, 2006-2014/15, tidal basin, 240 meter berth, container handling equipment and terminal works
- \$95 million Bridge Replacement for Improved Rural Access Project
- Maritime and Waterways Safety Project of \$47million due for ADB Board approval in 2012.

ADB financed TA relevant to the sector includes the National Transport Strategy, Improving Road User Charges and Private Sector Participation in Road Development and Climate Proofing Transport Assets.

ADB is also providing support in public sector financial management which impacts upon the transport sector in respect of the development of a national CSO Policy and public sector procurement.

The Japan International Cooperation Agency

JICA has recently completed a range of activities and is currently in discussions with PNG Government on future programs of support in maritime and roads sectors.

“Construction of Bridges on Bougainville Coastal Trunk Road” ended in March 2012 (Construction work started in November 2009). Total of 15 bridges were built on the trunk road between Kokopau and Arawa on Bougainville Island. The Project cost approximately US\$40 million.

“The Urgent Rehabilitation of Markham Bridge” ended in November 2011 (started in December 2009). The Markham Bridge which was heavily damaged by flood was rehabilitated and the bank of the river was strengthened.

JICA will provide road construction and maintenance equipment for Plant and Transport Division (PTD) in DoW. The equipment will be distributed to 4 local DoW workshops in Lae, Mt. Hagen, Wewak and Kimbe. This project intends to strengthen DoW’s service delivery capacity.

The World Bank

The World Bank has one major activity in the transport sector. The Road Maintenance and Rehabilitation Project the second phase of which will go through to 2015. Some additional support is provided through its agricultural programs. The World Bank is currently looking to update its portfolio of support to the transport sector in PNG and has expressed interest in continued support for agriculturally focussed road maintenance works and perhaps some support in assisting the development of the contracting sector in addition to RMRPII.

Credit No. 42980-PNG: Road Maintenance and Rehabilitation Project (RMRP): \$129.2m. The objective of RMRP was to assist PNG Government in promoting a safe, reliable and efficient roads transport system in the eight provinces (East and West New Britain, Morobe, Manus, Oro, Central and Gulf) through: (a) the improvement of selected road segments; (b) strengthening strategic planning and management of the road sector; and (c) strengthening the institutional arrangements for road maintenance, including private sector participation. Project ended December 2011.

Credit No. 4931-PG -- Road Maintenance and Rehabilitation Project II (RMRP II) \$53m. A follow-on project RMRP II was approved by the Bank's Board of Executive Directors on May 2011 and was declared effective on August 29 2011. The implementation period of the project is from September 2011 to December 2015. The objectives of RMRPII are to: (i) improve road transport to project areas through providing satisfactory physical condition and safety in selected roads; and (ii) strengthen institutional arrangements for road maintenance, including the participation of the private sector and communities.

PNG Smallholder Agriculture Development Project P079140; of which US\$50-55 million is for transport. This amount is used to fund road rehabilitation supporting oil palm production. The Project is approximately 50% complete. None of these works are on the 16 priority national roads.

Annex 3 – Sector Financing and Recent Budgets

Annex 4 – Cross-cutting issues in the transport sector

Gender

The *National Policy for Women and Gender Equality 2011 -2015* has been endorsed by the NEC and parliament. Under the Policy:

“Gender equality is when the roles of women and men are valued equally in three dimensions: equal opportunities, equal treatment and equal entitlements.”

The Policy’s vision is to *achieve a Papua New Guinea society in which all citizens – particularly women and girls – live together in dignity, safety, mutual respect and harmony.*

The policy objective is to *facilitate the development and implementation of gender equality and women’s advancement programs, which will be founded on the principles of equality for all persons, particularly women and men, as enshrined in the Constitution.*

The priority action areas for the Policy of particular relevance to the transport sector are gender-based violence, HIV/AIDS, education and training, cultural norms and traditions, economic empowerment, decision-making and political participation.

The Policy has a set of strategies particularly relevant to the program:

- promoting equal participation by women and men in decision-making and monitoring access;
- supporting women and girls to exercise their rights through affirmative action;
- rolling out training programs for women’s leadership in the public service;
- reducing the gap in accessing resources and the benefits of development;
- using differing approaches to meet the needs of specific agencies;
- encouraging agencies to use community development strategies to empower rural women; and
- encouraging research that, firstly, shows the benefits and detriments to girls and women of particular interventions, and secondly, which can be used in a local context to illustrate to men and communities any bias and discrimination. The evidence can then be discussed and used locally to make improvements in how things are done.

AusAID’s policy goal is to reduce poverty by advancing gender equality and empowering women.

The low position of women in PNG society remains a key challenge for achieving equitable development outcomes. This impacts on how they use and benefit from transport infrastructure. In line with the AusAID’s gender policy, Promoting opportunities for all. ‘Gender equality and women’s empowerment. Thematic Strategy November 2011, TSSP2 will address gender issues in the transport sector through targeted support and where the program can have greatest impact in line with its broader objectives. This will include providing technical assistance that will advocate for gender equitable participation in asset maintenance and providing technical assistance that will advocate for the implementation of domestic violence and HIV/AIDS work place policies.’

TSSP1 has been successful in:

- completing a Transport Sector Gender Strategy and Implementation Plan and reviewing it against new policies in 2011/12;
- mainstreaming cross-cutting issues into five out of nine agency corporate plans;

- conducting situational analysis through the sector's interagency gender technical working group;
- drafting gender and domestic violence policies for seven agencies some of which are still awaiting approval. PNG Ports has been very supportive of this activity appointing a Life Skills Coach to assist implementation. Domestic violence policies have been launched by DoW and PNG Ports;
- drafting a checklist of gender obligations for roading contracts; and
- starting a process of working with agencies to implement agency-specific gender plans based upon the situational analysis.

HIV and AIDS

All AusAID program's response to HIV has to be contextualised. Papua New Guinea is possibly the world's most diverse country in social, cultural and linguistic terms. This diversity is reflected in a vast range of beliefs and practices pertaining to sexuality, gender and reproduction, with important ramifications for HIV prevention. The vast majority of the population live in rural areas and effective prevention needs to take local beliefs and practices into consideration. Papua New Guinea has undergone rapid and dramatic social and cultural transition in a relatively short period. Mobility has increased significantly and cash has entered all cultural systems, with the result that, within a small area, traditional culture, beliefs and practices co-exist with expressions of 'modern' and global culture. These shifts are in turn reflected in the co-existence of 'traditional' and 'modern' sexual cultures, together with their respective implications for HIV-related risk, vulnerability and prevention.

Imported packages of solutions, focusing on individual behaviour abstracted from its social and cultural settings, are unlikely to work in Papua New Guinea. However, international experience suggests that Papua New Guinea may possess, albeit in nascent, and fragmented form, some key characteristics of effective responses to the HIV epidemic, such as the existence of social solidarity, concern for human rights, reciprocity (as reflected in the wantok system), dense networks of communication, community trust, and empowerment through participation and community mobilisation. However diverse they may be, Papua New Guineans share in common the pride they attach to their culture, tradition and heritage, values which offer considerable potential as entry-points for HIV prevention.

The leaders in agencies are at the centre of these networks and communities. Without being overly ambitious TSSP has a responsibility to support agencies, and more particularly male and female leaders to respond to the challenges posed by implementing HIV prevention.

Organisational leadership and drive in the response gives it both local credibility as well as valuable 'insider' knowledge, essential in treading the sometimes thin line between respecting those local values which may be protective in terms of HIV, while challenging others which may enhance vulnerability to it. These are most effectively done from within communities themselves rather than imposed upon them by outsiders.¹

The new *National HIV/AIDS Strategy 2011-2015* (NHS) has a significant role for agencies in the response, including coordination, undertaking M&E, expanding surveillance and other interventions. The NHS has three priority areas listing ten key interventions. Specific areas of intervention are discussed under Component 1.

¹ See Tingim Liap # 2 Design Document for further discussion

The effectiveness of the PNG HIV response is dependent in part on improving capabilities across government. The NHS has a comprehensive Implementation framework and M&E Framework. Future interventions should be based upon those documents with TSCMIC encouraging and supporting sector reporting to the National AIDS Council on progress.

As with gender equality, under TSSP1 a technical working group conducted a situational analysis that has led to:

- HIV and AIDS work place policies in place in five agencies and others are under development;
- Older policies reviewed against the NHS;
- Some awareness activities have been undertaken.

Disability

TSSP1's main work in the area of disability has been to provide a Road Safety Adviser who is based in the National Road Safety Council. The adviser spent about 50% of his time in the DoW. NRSC has been extremely weak and there is a possibility that it may be absorbed into a greater Land Transport Authority. Further analysis and research is needed to be more specific on what TSSP's focus and expectations are. Specific linkages can be made to the outcome of the Visual Condition Survey and the IRAP (road safety auditing) that will be completed in 2012/2013. These activities could contribute to the design of cost effective support to reduce disabilities arising from road accidents.

TSSP2 will develop approaches to incorporate disability perspectives into both the planning of road maintenance activities and the assessment of the impact of road maintenance activities.

Annex 5 – Priority National Roads

			NRA Gazetted Roads			2011 NRA Workplans			
Province & Road	Road Number	Priority Road Total Length (km)(GIS Data)	Length Gazetted to NRA ***	Length Gazetted to NRA measured by RAMS	Length Priority Rd excl. Gazetted NRA measured by RAMS	Length in NRA 2011 Workplan	Length Gazetted to NRA measured by RAMS	Priority Road less NRA 2011 Workplan	TSSP Funded Roads excl. NRA 2011 Workplan
Central Province									
Hiritano	NR0001	178.99	154.80	147.24	31.75	183.53	147.20	31.79	31.79
Magi	NR0002	246.45	117.69	91.70	154.75	75.00	70.70	175.75	175.75
Milne Bay									
Magi	NR0002	124.63	0.00	0.00	124.63			124.63	124.63
East Coast** - 56.35			0.00	0.00					
Morobe									
Wau	NR0004	127.28	0.00	0.00	127.28	95.60	0.00	127.28	127.28
Ramu	NR0008	32.24	0.00	0.00	32.24			32.24	32.24
Highlands	NR0007	168.78	39.70	39.71	129.07	Survey & Design			
East New Britain									
New Britain	NR0010	35.38	31.00	30.32	5.06			35.38	35.38
Tokua Rd	NM 4802		16.60	16.57		25.30	25.30		
Kokopo Rd									
West New Britain									
New Britain	NR0010	237.85	158.70	158.32	79.53	151.10	151.10	86.75	86.75
New Ireland									
Buluminski	NM4701	337.88	137.30	136.89	200.99			337.88	337.88
West Coast	ND4703	198.19	0.00	0.00	198.19			198.19	198.19
Madang									
Coastal	NR0009	214.11	0.00	0.00	214.11			214.11	214.11
Ramu	NR0008	148.66	48.00	45.18	103.48			148.66	148.66
Bogia Rd			57.00	57.00					
East Sepik									
Coastal	NR0009	199.21	28.00	27.92	171.29	28.00	27.92	171.29	171.29
Sepik	NR0012	168.40	164.00	168.40	0.00	59.50	59.50	108.90	108.90
West Sepik									
Coastal	NR0009	337.18	34.00	41.23	295.95	0.00	0.00	337.18	337.18
Sepik	NR0012	89.35	0.00	0.00	89.35			89.35	89.35
Nuku Road** - 27.9									
Eastern Highlands									
Highlands	NR0007	186.96	152.24	185.20	1.76			186.96	186.96
Other			50.50	56.40					
Bougainville									
Buka Road	NM5001	183.07	0.00	0.00	183.07			183.07	183.07
Other ARB Roads** - 442.6									

Province & Road	Road Number	Priority Road Total Length (km)(GIS Data)	NRA Gazetted Roads			2011 NRA Workplans			TSSP Funded Roads excl. NRA 2011 Workplan
			Length Gazetted to NRA ***	Length Gazetted to NRA measured by RAMS	Length Priority Rd excl. Gazetted NRA measured by RAMS	Length in NRA 2011 Workplan	Length Gazetted to NRA measured by RAMS	Priority Road less NRA 2011 Workplan	
NCD									
Hiritano	NR0001	3.70	3.70	3.70	0.00			3.70	
Magi	NR0002	11.51	11.51	11.51	0.00	0.00		11.51	
Hubert Murray			14.20	14.21		0.00			
Poroporena			9.30	9.30		0.00			
Sogeri Rd			27.00	20.75					
Gulf									
Hiritano	NR0001	113.02	49.50	49.15	63.87	6.17	6.17	106.85	
Western Highlands									
Baiyer River Road	NM3901	59.95	66.00	59.95	0.00	54.70	59.95	0.00	
Highlands	NR0007	111.92	85.46	85.19	26.73	83.00	82.73	29.19	
Porgera – Togoba Highway	NR0006	28.65	29.00	28.65	0.00	32.00	28.65	0.00	
Other			61.70	63.07		19.00			
Other Not Gazetted									
Enga									
Porgera-Togoba	NR0006	172.57	135.00	140.96	31.61	21.00		172.57	
Other			108.60	69.61					
Chimbu									
Highlands	NR0007	56.61	55.30	55.91	0.70			56.61	
Other			43.80	45.83					
Southern Highlands									
Highlands	NR0007	86.27	84.00	86.27	0.00			86.27	
Wabag - Mendi	NR0005	39.46	33.00	35.35	4.11			39.46	
Koroba Road	NM3701	195.07	185.00	187.20	7.87			195.07	
Other			15.60	15.83					
Northern Province (Oro)									
Kokoda	NM3601	79.59	0.00	0.00	79.59			79.59	
Northern	NR0003	83.17	0.00	0.00	83.17			83.17	
	Total	4,256.11	2,207.2	2,184.52	2,440.16	833.90	659.2	3,453.4	2,589.4

Source: DoW Road Asset Maintenance system 2011

** These are not NTDP Priority Roads, and are being funded due to previous AusAID agreements

*** Length of NRA roads are still to be confirmed and matched against RAMS road sections and Provincial boundaries where applicable

Annex 6: Key References

<p>PNG Government- development & sector</p> <p>Vision 2050 Development Strategic Plan 2010 - 2030 Medium Term Development Plan 2011 – 2015 PNG Government Commitment of Aid Effectiveness National Gender Strategy, National HIV/AIDS Strategy</p>	<p>AusAID / PNG</p> <p>PNG Australia Partnership for Development Port Moresby Declaration on Aid Effectiveness: February 2008 Development Cooperation Treaty Review & Advisor Review 2010</p>
<p>Infrastructure</p> <p>Draft National Transport Strategy Medium Term Transport Plan 2011-2015 Draft TIPS 2011 Papua New Guinea Roads Priority Study : Review of National Roads in Papua New Guinea 2006 Papua New Guinea Transport Infrastructure Priorities Study (TIPS) 2006</p>	<p>Program General</p> <p>TSSP/ISP Concept Design Document Transport Program Annual Plans (most recent 2011) Transport Program Annual Report 2010 www.pngtssp.com for a full set of documents</p>
<p>Monitoring and Evaluation</p> <p>Monitoring and Evaluation Plan and Framework Socio-Economic Studies : PNG Road Infrastructure (Baseline and follow up) Annual Performance Reports (most recent 2010) Collated Stories of Success and Significant Changes Occurring in Transport Sector Agencies During TSSP Phase 1 (July 2011) – separate volumes as observed by counterparts and advisers TSSP Six Monthly Activity Report (July 2011)</p>	<p>Financial</p> <p>Public Finance Management Act PNG Government’s Financial Management Manual CSTB’s Good Procurement Manual TSSP Financial Procedures Manual Probity (Anti-Corruption-Anti-Fraud) Strategy Assessment of Financial Management Capability and Capacity and Associated Risks and Benefits in TSSP (Sept 2011)</p>
<p>Private Civil Works Sector Diagnostics</p> <p>Construction Industry Policy Sector Framework (Dept. Commerce and Industry) Civil Works Capacity Constraints in ADB CPS Papua New Guinea: Improving Road User Charges and Private Sector Participation in Road Development (ADB TA Report) Cross Roads: Creating Opportunities for Sustainable Spending on Roads (DFID Uganda)</p>	<p>Capacity Building</p> <p>Institutional Needs Assessment Reports 2007, and 2009 TSSP Capacity Building Framework TSSP Staged Capacity Building Practice Model Charles Kendall Associates – series of procurement and capacity assessment reports, and draft capacity development plans for NRA, DoW, NAC, ABG’s DTS TSSP phase one reporting: www.pngtssp.com</p>
<p>Cross Cutting Policy Frameworks</p> <p>Environment Act Environment Compliance Policy and Plan DoW Environment Plan Road Safety Discussion Paper</p>	<p>Cross Cutting Policy Frameworks continued</p> <p>TSSP HIV and Aids Strategy and Implementation Plan TSSP Gender Strategy and Implementation Plan AusAID policies on Gender, HIV/AIDS, Climate Change, Disability</p>

Annex 7 – Capacity Development Principles

This Annex sets out the approach to capacity development that TSSP will follow. It also discusses the issue of advisers² and their role.

Definitions

The program is guided by AusAID’s definitions of capacity and capacity development, which appear in the list of acronyms and glossary of terms.

It is important to emphasise that capacity development is an endogenous process that needs to be led and directed by country partners. Development partners such as AusAID can provide support to endogenous processes through the provision of technical and financial resources and through the facilitation of change processes. However, they can neither lead nor shoulder full responsibility for capacity development.

Context

A significant part of TSSP is capacity development support, whose main goal is to achieve improvements in PNG Government capacity at the level of individuals, organisations and larger systems:

- Supporting the development of **individual** capacity is typically associated with human resources development. It can involve, in-service and pre-service training, on-the-job mentoring and learning, performance management. This will be required at all levels of program intervention, for instance work with the safety regulators, the DoW at provincial and national levels, with the ABG to build DTS and within the service providers to assist them to have qualified people in key positions.
- Supporting the development of **organisational** capacity is typically associated with organisational development and change. It can involve restructuring, development of leadership and performance management systems, inculcation of norms and values, strengthening of core corporate capabilities and well as implementation or technical capabilities. This will be the focus of program interventions at supporting the DoW and NRA systems to be capable of contracting maintenance services or the regulatory agencies to carry out core functions regularly to a consistently high standard. Many of the program’s envisaged results are defined in organisational terms.
- Supporting the development of **system or in this case the sector** capacity is typically associated with strengthening networks of organisations and the relationships that exist between them, developing the policy and legal environment within which organisations function as well as larger systems that transcend any individual organisation. This is an increasingly important part of TSSP working through TSCMIC as it seeks to promote a more robust “joined up” approach to improve performance and accountability including strengthening of relationships and coordination mechanisms as well as developing performance monitoring systems that link both vertically and horizontally.

² This design uses the term “adviser” as defined in AusAID Operational Policy *Use of Advisers in the Aid program* (March 2011) for what was formerly called ‘technical adviser’ or ‘TA’.

Thinking beyond advisers

A basic principle for TSSP2 is that selection of capacity development inputs should be based on a diagnostic of need. The nature of the problem/ challenge to be addressed should guide the selection of an appropriate response. Often this might require a mix of inputs that could include:

- Provision of long and short term advisers
- Funding to the agency to employ qualified staff in critical operational and technical positions
- Short and long-term training opportunities for selected individuals
- Short exchange programs and study tours
- Peer learning events including secondment of staff across departments/ provinces
- Financial resources to enable deployment of existing PNG Government capacity development programs/ activities
- Promoting the use of existing PNG Government capacity development resources such as advisory support, training programs and the like that are housed across different Central Agencies and line departments.

Adviser considerations

Decisions to deploy advisers on either short or long term contracts will be informed by the guidance associated from the recent Adviser Review. This will, among others, have implications on total numbers of advisers to be deployed. Building on TSSP phase 1, a deliberate effort will be made to recruit PNG advisers and to ensure appropriate representation of women in advisory positions.

This design's approach is consistent with the minimum standards for adviser planning, selection and performance management as described in AusAID's *Use of Advisers in the Australian Aid Program: Operational Policy*. Using the Policy's paragraph numbers (Section 4.1):

- A. The initial demand for capacity development inputs will come from the annual planning process driven by the agencies. The choice and mix of technical assistance will be articulated in the work plans. Workplans must be fully costed.
- B. Articulating and then justifying the choice of technical assistance, in particular advisers, is not always easy. This is often difficult in PNG given the wide use of advisers from enablers to facilitators as described in the Note. However, this weakness is not just confined to using advisers. Defining and selecting appropriate non-adviser technical assistance is equally difficult and is often just as hard to plan, manage and achieve quality when provided by sub-contracted institutions or Commonwealth Government partners. The service provider will have responsibilities for working with, and building the capacity of, TSCMIC and partner agencies to define the need, to identify the desired development path, to establish the sequencing that takes into account risks and capacity, and then manage performance.
- C. Assessing the value for money of the available alternatives is not an easy mechanical task. It often calls for professional judgement based upon all the facts and a review of the risks of each approach. Adviser costs must be included in workplans. The AusAID/PNG Law and Justice programs have done this since 2004 with advisers included at full cost in the Development Budget. When K600,000 is shown in the project's budget line as the

opportunity cost of an ‘adviser’ counterparts quickly learn that there are alternative input options.

- D. Specifying the objective, deliverables and outcomes of advisory inputs, and non-advisory inputs contracts (e.g. the provision of training) is essential. The expanding desire to use other forms of technical assistance has to be reciprocated by a recognition from partners and AusAID that the service provider will need the skilled personnel and resources to plan, design, manage and monitor the provision of these inputs. Service providers as the employer have extensive personal employment influence over advisers. The same direct influence is not available over sub-contractors, some of whom have influence and constituencies in the development business, or PNG, wider than those of the AusAID contracted service provider.

Based upon experience in the current program advisory support in the new program is likely to be needed to **supplement, substitute** or to **facilitate** capacity. It will concentrate on:

- Building implementation capacity in agencies facilitating and stimulating change management, improved communication, team work and leadership
- Strengthening core regulatory and/or service provision capabilities and capacity with a line of sight to service delivery;
- Improving performance measurement, monitoring and reporting.

TSSP may have a need to engage advisers as **enablers** in positions such as providing strategic advice, legal and institutional analysis and sector performance analysis.

There may be occasions where direct **substitution** is appropriate (either contracted from the private sector or provided through SGP or under the MoU) to cover immediate and likely medium to long term capacity deficits. Substituting for the lack of available capacity in key positions and skills in engineering, contracting and safety and security regulation will be in the minority in this program. Other options such as salary supplementation so that the agencies can make the appropriate recruitments will be considered as an option.

- E. In the majority of positions in this program the adviser’s counterpart is likely to be an organisation or a sub-part of one.
- F. This design supports the emerging practice in the current program and the Adviser Review:
- a. All adviser recruitment activity should be counterpart lead from scoping through to induction. Prospective candidates should be interviewed in-PNG by a panel of counterparts. The service provider has a key role in supporting the total process and ensuring integrity.
 - b. Adviser’s workplans are negotiated with counterparts.
 - c. Advisers should be managed by counterparts and they should report regularly to counterparts.
 - d. Counterparts must be involved in the regular performance assessment of advisers – this is happening in the current program.

As the Operational Policy records a joint assessment of counterpart capacity should be made as part of the diagnostic process that proceeds the employment of an adviser. The service provider will be responsible for building counterpart capacity to manage advisory inputs. It is a reality that advisers become embedded in agencies where some can and do influence counterparts about their importance and value. The service provider, as the contracted employer and AusAID contractor, has a duty to ensure that all dealings are transparent.

Further efforts will need to be made to ensure appropriate induction of advisers and training/ orientation in process facilitation/ change management functions. This also must include attention to clarification of roles, lines of accountability and communication.

Practical ownership on the partner side

If capacity development is an endogenous process, then ensuring practical ownership of change processes on the part of partner organisations is critical and a key determinant of capacity development outcomes. It is important that partner organisations:

- Are fully involved in needs assessment, consideration of optional inputs and recruitment of capacity development inputs.
- Make clear their own roles and responsibilities in realising agreed capacity development outcomes. This can include exercising leadership and oversight, mobilisation of staff and financial resources.
- Are fully involved in the management of capacity development related activities including performance review. In the case of advisers, this implies being responsible on a day-to-day basis for supervising advisers, agreeing on workplans and performance monitoring. In the case of other forms of capacity development support, this implies assuming a clear management role in ensuring implementation of activities.
- Jointly review, together with AusAID/TSSP their respective contributions to capacity development support, identify constraints and shortcomings and produce an action plan for problem resolution.

Incentive and demand-based approaches

The program will avoid so-called supply driven approaches that enjoy modest support and ownership on the part of beneficiary organisations. This will be done by:

- Ensuring that capacity development and good governance support is grounded in proposals emanating from potential beneficiaries and vetted against agreed criteria following the diagnostic process; and
- Selective use of incentive-based approaches where access to capacity development and good governance support services and discretionary funding is based on successful progression through agreed capacity development strengthening processes.

Promoting coordinated approaches across AusAID and other partner programs

TSSP program leadership (TSCMIC) and the Program Director, together with the AusAID Infrastructure team, will be responsible for coordinating capacity development and good governance support between the AusAID governance and other sector programs. Also, as discussed in the sections relating to Component 3, they have a responsibility, with DNPM, to promote better coordination with the sector's other development partners.

Management of technical assistance and use of advisers

The management of advisers by TSSP will be directed by AusAID's *Use of Advisers in the Australian Aid Program: Operational Policy*. A number of key principles will guide the approach.

- Clear definition of the need for technical assistance and the expected results.
- Agreement, based on evidence, on the most appropriate form of technical assistance following the diagnostic process.
- Where an adviser is proposed, there must be agreement on:
 - the type of adviser (i.e. a contracted in-line position to provide supplementary assistance, an off-line, international, national, regional, Commonwealth agency or private sector etc.)
 - the adviser counterpart (individual or branch or board) and if the adviser role is a capacity enabler, substitution, supplementation or facilitation role
 - the position duration (i.e. short-term, long-term, part-time or intermittent)
 - how the adviser is funded (i.e. co-contribution or bilateral funding only)
 - how the adviser is contracted (ISP or agency or MoU or SGP).
- Adviser terms of reference must be agreed by both parties and clearly:
 - define in a measurable way the objectives, deliverables and outcome(s) required from the role
 - identify the full set of technical and capacity skills, cultural and language requirements and personal attributes
 - define the position's performance management and reporting arrangements in a clear and measurable way
 - reference the AusAID adviser remuneration framework (ARF) for all commercially contracted long- and short-term adviser positions (in particular reference the relevant discipline category and job level for the position and the AusAID performance assessment guidelines).
- Adviser performance and ongoing position relevance will be jointly assessed on completion of assignment or on an annual basis, whichever occurs first, using the AusAID adviser performance assessment processes; these will be lodged in the AusAID performance register.
- Performance management of advisers and quality assurance of technical assistance outputs has been identified as an ongoing issue across AusAID supported programs in PNG and the Pacific. In addition to the approaches set out in AusAID's *Use of Advisers in the Australian Aid Program: Operational Policy*,³ advisers located within an agency will have their performance assessed by that agency and AusAID supported by the ISP. Advisers with a

³ AusAID's policy states that advisers should in the first instance be accountable to, and managed by, the organisation(s) in which they are working, and that relevant partner country indicators and reporting systems should be used where possible. PNG counterparts will need assistance in using an appropriate performance review system for advisers. There is some experience in other AusAID programs in formal appraisals being conducted by counterparts. The legal obligations of the employing ISP under relevant Australian state law have to be recognised.

remit across the sector (the core specialist team) will have their performance assessed by the ISP with contributions from the client agencies and AusAID.

- Consideration could be given to establishing a joint quarterly adviser performance review mechanism led by TSCMIC with participation of development partners and the ISP. The scope of this quarterly mechanism could include all advisory support to the transport sector, not just TSSP, to ensure a coherent and coordinated approach.

Annex 8 – Risk Management Matrix

RATING	LIKELIHOOD	DESCRIPTION	RATING	CONSEQUENCES	DESCRIPTION
5	Almost Certain	Expected to occur in most circumstances	5	Severe	Would stop achievement of functional objectives
4	Likely	Will probably occur in most circumstances	4	Major	Would threaten functional objectives
3	Possible	Could occur at some stage	3	Moderate	Necessitates adjustment to overall function
2	Unlikely	Not expected to occur	2	Minor	Would threaten an element of a function
1	Rare	May occur but exceptional	1	Negligible	Lower consequence
Assessment and Response					
VH	Very High Risk	Requires close Executive attention and detailed plan			
H	High Risk	Needs close management attention			
M	Moderate Risk	Specific management responses and monitor closely			
L	Low Risk	Manage through routine procedures			

Risk	Likelihood	Consequences	Risk level	Proposed actions
OVERALL STRATEGY				
Changes in political and administration leadership following the 2012 PNG Election and beyond have potential to result in changes of direction by new leadership	4	3	H	<ul style="list-style-type: none"> ▪ Program Director and AusAID monitor impact ▪ TSCMIC engaged in proposing response ▪ AusAID and TSCMIC brief all in-coming key ministers ▪ Support central agencies to brief new Ministers on transport priorities ▪ Cautious change to existing good practice and extreme care in expectations management ▪ Prepare simple 'stories' and briefs of success and achievement to support current approach
Loss or reduced political commitment to Partnership for Development Schedule targets. Government reduces funding allocations to priorities and does not take up routine maintenance funding responsibilities.	3	4	H	<ul style="list-style-type: none"> ▪ AusAID policy dialogue focused on strengthening PNG Government commitment ▪ AusAID strengthens its capacity for strategic policy advising and advocacy ▪ Sector improves delivery performance, reporting and advocacy through TSCMIC increases credibility with central agencies/Minister ▪ Coordinate action with other donors to support development strategies
Limited agency leadership commitment to reform and capacity strengthening	4	3	H	<ul style="list-style-type: none"> ▪ Regular monitoring of Agency Support Agreements ▪ Dialogue with agency and TSCMIC ▪ Withdraw or reduce support in extreme cases of non-commitment
Political interference in prioritisation of work plans	3	3	H	<ul style="list-style-type: none"> ▪ Ensure sustained advocacy to build up stronger political commitment with central agencies and TSCMIC to agreed priorities and value for money ▪ Engage with ministers and political leaders whenever possible on TSSP2 and TSCMIC benefits ▪ Maintain transparency in project modelling and prioritisation data; agree on priorities
Low political commitment to making holistic reforms to the government procurement system	5	4	VH	<ul style="list-style-type: none"> ▪ Ensure sustained advocacy to build up stronger political commitment to agreed priorities and value for money ▪ Negotiate through Subsidiary Arrangement options to adopt alternative approaches should procurement blockages prove unsurmountable ▪ Monitor procurement failure rate as percentage of program value ▪ Coordinate with central agencies and other donors to seek government action
Significant under-expenditure of funds persists leading to reduction in high priority roads maintenance works.	3	4	H	<ul style="list-style-type: none"> ▪ Close monitoring of progress and performance through more direct engagement with DoW ▪ Use PMSC in an increased role for independent supervision of contracts ▪ Multiyear and expanded potential projects pipeline ▪ Capacity Building targeted towards addressing system and process blockages
Confusion over agency roles and responsibilities causes inefficiencies in program delivery and stalls reform momentum	3	3	H	<ul style="list-style-type: none"> ▪ Strengthen TSCMIC, sharing of information, improve budget process dialogue, increase opportunities for engagement with central agencies, reinforce links to government priorities and plans ▪ Advocacy to ensure criteria for use of TSSP resources well understood by stakeholders

Risk	Likelihood	Consequences	Risk level	Proposed actions
Significant transport accident (e.g. plane crash) disrupts program approach and political imperative demands radical change	4	3	H	<ul style="list-style-type: none"> ▪ Prepare and maintain briefs on TSSP's approaches and responses to safety and security ▪ Use any event to advocate for increased PNG Government attention and resourcing to safety issues
IMPROVING SERVICE DELIVERY PERFORMANCE, PRODUCTIVITY AND VALUE FOR MONEY				
Poor planning and project preparation, primarily in roads sector, leads to delayed implementation and under-expenditure against annual targets	4	3	H	<ul style="list-style-type: none"> ▪ More direct PMSC responsibility for project planning and delivery ▪ Capacity Building support to improve quality and speed of planning across all agencies ▪ Finance and support improvements to data collection system including RAMS/BAMS
Delays in procurement process lead to slow implementation and under-expenditure ;	5	4	VH	<ul style="list-style-type: none"> ▪ Political advocacy for commitment to reform Government procurement system ▪ Capacity Building to support enhanced procurement skills in DoW, NRA and ABG with direct support from PMSC/TSSP ▪ Negotiate through Subsidiary Arrangement options to adopt alternative approaches should procurement blockages prove unsurmountable
Limited capacity of private sector contractors, including ability to bid for and manage work, meet financial commitments and remain viable. Results in poor quality work and higher real cost	3	4	H	<ul style="list-style-type: none"> ▪ Bundling contracts into larger units making them more attractive to potential new bidders; reduce tendering frequency ▪ Information for contractors, including workshops and information sessions ▪ Training for contractors in preparing and managing bids ▪ Establish an independent technical and quality audit process for contracted works
Shortage of construction materials or high cost of access contributes to delays and high costs of works	3	3	H	<ul style="list-style-type: none"> ▪ Create a project pipeline of multiple potential projects and defer those with such issues ▪ Site investigation during design phase checks the availability and sources of construction materials that meet specification ▪ Identify sources of construction material by Contractor ▪ Community engagement strategies to facilitate access to local materials
New approach in Bougainville is not effective and road maintenance program is not delivered to current standards	4	4	H	<ul style="list-style-type: none"> ▪ Monitor situation closely and ensure all stakeholders understand changes and why they are taking place ▪ Proactive engagement with ABG to ensure their support and ownership of new approach and to ensure ABG support managing possible security and community liaison risks ▪ In worst case scenario consider reverting to subcontracted direct delivery model at expense of DTS capacity development options

Risk	Likelihood	Consequences	Risk level	Proposed actions
CAPACITY DEVELOPMENT				
Unpredictable and frequent changes in senior personnel in PNG's transport sector agencies; loss of new skills; loss of reform momentum	4	3	H	<ul style="list-style-type: none"> ▪ Regular engagement with ministers and central agencies to assure business as usual given that changes in leaders is PNG Government's business ▪ At senior level ensure TSCMIC, Program Director, AusAID and ISP all pro-actively engaged in briefing new departmental heads and CEOs and senior management ▪ Encourage and support new senior personnel with special briefings;
TSSP approval processes unnecessarily delay new initiatives and adviser recruitment	2	4	M	<ul style="list-style-type: none"> ▪ Improved work plans with early identification of inputs ▪ Use of diagnostics to identify needs, inputs, outputs and outcomes ▪ Strategic use of panel specialists to support development of concepts and design to expedite preparation processes for new projects ▪ TSCMIC to establish its own time benchmarks for decision making and continually monitor compliance with these standards
Middle management and provincial level capacity issues relating to ageing workforce and loss of experienced engineers constraint to improved service delivery	3	3	H	<ul style="list-style-type: none"> ▪ Target both headquarters and provincial level capacity through ISP and PMSC ▪ Establish through PMSC more structured on-the-job mentoring and training opportunities for junior engineers
PROGRAM MANAGEMENT				
Financial loss or fraud	3	3	H	<ul style="list-style-type: none"> ▪ Zero tolerance for fraud and corruption in line with February 2012 Joint Statement on Fraud in PNG ▪ Aid P Program is emphasised with senior counterparts ▪ Regular auditing of financial systems and procurement used by the program ▪ Technical assistance to strengthen agency financial systems and internal controls ▪ Establish an independent technical and quality audit process for contracted works ▪ Develop anti-corruption action plan ▪ TSSP continue to use 'mirror' system for monitoring and recording of all financial processing ▪ Support to strengthen internal audit capacity in transport agencies
Donor coordination not effective	2	2	L	<ul style="list-style-type: none"> ▪ Regular briefings to key donors about TSSP and ongoing activities ▪ Support to revitalise TSCMIC Sub Committee on Aid Effectiveness including donor commitments to aid effectiveness agenda ▪ Proactively seek co-financing opportunities

Risk	Likelihood	Consequences	Risk level	Proposed actions
<p>Poor program management by AusAID, Program Director or ISP leads to limited achievement of objectives</p>	2	4	H	<ul style="list-style-type: none"> ▪ Develop clear accountabilities for performance ▪ Regular senior management meetings AusAID/TSSP to analyse momentum and review progress; use progress benchmarks for tighter focus on level of progress toward long term capacity outcomes and pace of change ▪ Pro-active planning of forward program and consultations with counterparts ▪ Risk management plan reviewed and used and updated at least quarterly
<p>Poor contractor performance under PNG Government contracts funded by AusAID is not addressed</p>	4	4	H	<ul style="list-style-type: none"> ▪ Increase AusAID’s direct engagement and monitoring mechanism to address performance issues with these contracts. ▪ Ensure the Subsidiary Arrangement for the program allows AusAID to withhold funding if performance issues are not able to be addressed through other mechanisms.
<p>Agencies do not provide timely and accurate data to support M&E processes.</p>	3	4	H	<ul style="list-style-type: none"> ▪ Ensure TSSP has sufficient resources for M&E ▪ Expand advocacy for value of M&E (TSSP) and use of evidence in policy with transport agencies
<p>Integration of cross-cutting issues not supported by transport agencies</p>	3	3	H	<ul style="list-style-type: none"> ▪ Identify opportunities for mainstreaming activities within agencies and affirmative action with workplan budget ▪ Expanded advocacy for value of cross-cutting issues to achievement of objectives
SOCIAL AND OTHER IMPACTS FROM TRANSPORT SECTOR				
<p>Negative social impacts during construction and/or; Community disputes delay construction; increase costs</p>	4	3	H	<ul style="list-style-type: none"> ▪ DoW and PMSC responsible for appropriate process with communities and compliance with legal obligations with TSSP oversight and monitoring. ▪ TSSP Capacity Building of transport agencies to improve engagement with communities, improve ownership and reduce negative effects. ▪ Relevant agencies ensure ongoing community consultations are undertaken during construction to identify and resolve issues in timely manner.
<p>Civil works sites lead to increased risky behaviour and increased HIV/AIDS infection rates due to 3M factor (men mobility and money)</p>	3	2	M	<ul style="list-style-type: none"> ▪ Specific and targeted HIV Prevention and Awareness provision included in maintenance contracts. ▪ PMSC to monitor implementation proactively ▪ Enforce contract provisions via contract payments ▪ Engagement with contractor management to facilitate access to workforce ▪ Engagement with local health authorities and local NGOs working in HIV area ▪ Broader involvement of local community in awareness raising ▪ HIV/AIDS Policy and Implementation Plan implemented and monitored (DoW/NRA)
<p>Community groups not adequately engaged in road improvement maintenance planning and delivery,</p>	3	3	H	<ul style="list-style-type: none"> ▪ Capacity Building and policies to improve community engagement ▪ Pro-active communications and advocacy unit of TSSP is resourced ▪ Reach out to schools, community groups, elders with information brochures

Risk	Likelihood	Consequences	Risk level	Proposed actions
concerns about road safety and social issues not adequately addressed				<ul style="list-style-type: none"> ▪ Ensure road safety issues are addressed in design and implementation of works
Major road accident on road where AusAID has financed maintenance works leads to reputational damage	3	3	H	<ul style="list-style-type: none"> ▪ Capacity Building and policies to improve community engagement ▪ Pro-active communications and advocacy unit of TSSP is resourced ▪ Reach out to schools, community groups, elders with information brochures ▪ Ensure road safety issues are addressed in design and implementation of works

Annex 9 – Program Logic and Indicative Monitoring and Evaluation Framework

THEORY OF CHANGE COMPONENT ONE: – Priority Land Transport Assets Maintained				
Shared Development Outcome (long term)	A safe, reliable transport system in place enabling economic and social development in Papua New Guinea			
End of Program Outcome (2023)	Component 1: Priority Land Transport Assets Maintained PNG agencies delivering a sustainable maintenance program with predictable PNG Government funding to maintain 75 per cent of priority national roads in good condition.			
TSSP2 Outcomes (2018)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">1.1 Department of Works Delivered Road Maintenance DoW is managing a prioritised program of maintenance and upgrading for priority national roads in line with Partnership for Development and MTDP targets</td> <td style="width: 33%;">1.2 National Roads Authority Delivered Road Maintenance NRA has increased capability to deliver its mandate and, should increased funding be available, maintain significantly increased kilometres of national roads</td> <td style="width: 33%;">1.3 National Road Maintenance Delivered in Bougainville A prioritised program of maintenance in Bougainville is being delivered, with increased ABG DTS capacity to plan and manage the program</td> </tr> </table>	1.1 Department of Works Delivered Road Maintenance DoW is managing a prioritised program of maintenance and upgrading for priority national roads in line with Partnership for Development and MTDP targets	1.2 National Roads Authority Delivered Road Maintenance NRA has increased capability to deliver its mandate and, should increased funding be available, maintain significantly increased kilometres of national roads	1.3 National Road Maintenance Delivered in Bougainville A prioritised program of maintenance in Bougainville is being delivered, with increased ABG DTS capacity to plan and manage the program
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Partner Agency	National Road Authority Autonomous Bougainville Government Division of Technical Services			
Intermediate outcomes	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">DoW (Provincial offices and HQ) <ul style="list-style-type: none"> Annual increases in the volume of priority roads routinely maintained, and priority roads assessed as in "Good or Fair" condition, in line with progress targets agreed in the Partnership. All PMSC assisted provinces have a detailed 3-5 year rolling work program (pipeline) in place. Technical audits are providing valuable information on the quality and value for money of TSSP projects and recommendations are being implemented. TSSP is able to consolidate the PNG Government's commitment to routine maintenance and increase focus of expenditure and technical assistance towards larger rehabilitation projects, to progress more rapidly towards the 75% target. Demonstrable evidence that cross-cutting interventions are included in road maintenance contract standard conditions and are monitored and enforced. Equal employment opportunity policy operational. </td> <td style="width: 33%;">National Road Authority <ul style="list-style-type: none"> The role and function of NRA are clearly understood by stakeholders. Planning and project pipeline processes are fully integrated with DoW, with clear delineation of responsibility based on whole of network prioritisation to achieve MTDP and Partnership targets. Performance benchmarks established through diagnostic process successfully met and NRA is accessing and utilising funding efficiently for road maintenance. Transfer of assets from DoW to NRA is being effectively managed Demonstrable evidence that cross-cutting interventions included in road maintenance contracts standard conditions are monitored and enforced. </td> <td style="width: 33%;">Autonomous Bougainville Government Division of Technical Services <ul style="list-style-type: none"> ABG is implementing a joint plan (with DoW and AusAID support) to rebuild the capacity of DTS relating to management of transport infrastructure. Effective prioritisation and allocation of resources informed by a credible Bougainville Transport Plan DTS has improved systems in place and increased local inputs into the transport assets maintenance program in the programming design, procurement and supervision of maintenance works. Community contracting is being used widely ABG systems are monitoring program implementation and achievements, then reporting these to the Bougainville Executive Council, the House of Representatives, TSCMIC, local and industry stakeholders. ABG is working with DoW to effectively implement the drawdown of powers. </td> </tr> </table>	DoW (Provincial offices and HQ) <ul style="list-style-type: none"> Annual increases in the volume of priority roads routinely maintained, and priority roads assessed as in "Good or Fair" condition, in line with progress targets agreed in the Partnership. All PMSC assisted provinces have a detailed 3-5 year rolling work program (pipeline) in place. Technical audits are providing valuable information on the quality and value for money of TSSP projects and recommendations are being implemented. 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Transfer of assets from DoW to NRA is being effectively managed Demonstrable evidence that cross-cutting interventions included in road maintenance contracts standard conditions are monitored and enforced. 	Autonomous Bougainville Government Division of Technical Services <ul style="list-style-type: none"> ABG is implementing a joint plan (with DoW and AusAID support) to rebuild the capacity of DTS relating to management of transport infrastructure. Effective prioritisation and allocation of resources informed by a credible Bougainville Transport Plan DTS has improved systems in place and increased local inputs into the transport assets maintenance program in the programming design, procurement and supervision of maintenance works. Community contracting is being used widely ABG systems are monitoring program implementation and achievements, then reporting these to the Bougainville Executive Council, the House of Representatives, TSCMIC, local and industry stakeholders. ABG is working with DoW to effectively implement the drawdown of powers.
DoW (Provincial offices and HQ) <ul style="list-style-type: none"> Annual increases in the volume of priority roads routinely maintained, and priority roads assessed as in "Good or Fair" condition, in line with progress targets agreed in the Partnership. All PMSC assisted provinces have a detailed 3-5 year rolling work program (pipeline) in place. Technical audits are providing valuable information on the quality and value for money of TSSP projects and recommendations are being implemented. TSSP is able to consolidate the PNG Government's commitment to routine maintenance and increase focus of expenditure and technical assistance towards larger rehabilitation projects, to progress more rapidly towards the 75% target. Demonstrable evidence that cross-cutting interventions are included in road maintenance contract standard conditions and are monitored and enforced. Equal employment opportunity policy operational. 	National Road Authority <ul style="list-style-type: none"> The role and function of NRA are clearly understood by stakeholders. Planning and project pipeline processes are fully integrated with DoW, with clear delineation of responsibility based on whole of network prioritisation to achieve MTDP and Partnership targets. Performance benchmarks established through diagnostic process successfully met and NRA is accessing and utilising funding efficiently for road maintenance. Transfer of assets from DoW to NRA is being effectively managed Demonstrable evidence that cross-cutting interventions included in road maintenance contracts standard conditions are monitored and enforced. 	Autonomous Bougainville Government Division of Technical Services <ul style="list-style-type: none"> ABG is implementing a joint plan (with DoW and AusAID support) to rebuild the capacity of DTS relating to management of transport infrastructure. Effective prioritisation and allocation of resources informed by a credible Bougainville Transport Plan DTS has improved systems in place and increased local inputs into the transport assets maintenance program in the programming design, procurement and supervision of maintenance works. Community contracting is being used widely ABG systems are monitoring program implementation and achievements, then reporting these to the Bougainville Executive Council, the House of Representatives, TSCMIC, local and industry stakeholders. ABG is working with DoW to effectively implement the drawdown of powers. 		

	<p>HIV and AIDS workplace policy operational with the organisation and individuals demonstrating appropriate HIV & AIDS and gender equality behaviours.</p> <ul style="list-style-type: none"> Agencies and contractors comply with environmental laws and minimise negative environmental impacts. 		
<p>Agency Competencies and Organisation Capacities Developed</p>	<p>Provincial Works (DoW)</p> <ul style="list-style-type: none"> Provincial DoW offices maintain road asset condition registers and costed scopes of works for rolling programs of road and bridge maintenance and upgrading. Skilled staff in key positions at provincial or national levels or capacity substituted if not available. Provincial DoW offices improve core financial, technical, procurement and contract administration processes and are using accepted policies and procedures. <p>Headquarters DoW</p> <ul style="list-style-type: none"> Strengthened DoW individual competencies and key organisational capabilities (and technologies) in areas directly related to the contracting of outsourced road maintenance. DoW systems able to track program implementation, record expenditure, track costs and achievements which are then reported to TSCMIC, government, local and industry stakeholders. DoW able to competently and professionally manage the PMSC contract. 	<ul style="list-style-type: none"> Strengthened NRA individual competencies and key organisational capabilities (and technologies) in areas directly related to the contracting of outsourced road maintenance. NRA systems track program implementation, record expenditure and track costs and achievements which are then reported to its Board, TSCMIC, government, local and industry stakeholders. NRA is working and coordinating effectively with DoW. 	<ul style="list-style-type: none"> Key positions filled with permanent staff or contracted officers. DTS functioning more efficiently with core financial, technical, procurement and contract administration compliant with ABG and public service practice. DTS hold an updated portfolio of road asset maintenance plans, road asset condition reports and costed scopes of works for a rolling program of maintenance. DTS is supported by the ABG administration to be part of an effective and efficient administration. Works and achievements are monitored and reported on effectively.
<p>AND across all three organisations</p>	<ul style="list-style-type: none"> Individual competencies and organisational capacities to supervise contracts to ensure outputs delivered to technical, time and value for money quality standards. Critical technical & operational positions filled with competent staff or contracted individuals. DoW and others encouraging coalitions among government, contractors, industry groups, financiers, users that increased contractor capacity 	<ul style="list-style-type: none"> Competitive tenders received and competent new entrants bidding and contracted. DoW, NRA and ABG maintain complimentary, up-to-date and reliable information and technical systems to support the contracting of transport asset maintenance. 	<ul style="list-style-type: none"> Connectivity and complementarity maintained in MIS/asset management systems to prevent duplication and gaps and enable holistic reporting. HIV and AIDS workplace policy operational.
<p>Influencing Activities/Inputs</p>	<ul style="list-style-type: none"> Financing of road asset maintenance and rehabilitation activities Working through TSCMIC to promote sector coordination and increasing budget allocations. 	<ul style="list-style-type: none"> Working through TSCMIC to promote sector coordination and supporting NRA establish more sustainable financing mechanisms. Integrate support provided to NRA with that provided to 	<ul style="list-style-type: none"> Technical assistance based on a formal diagnostic process and recorded in a capacity development agreement for building competencies of individuals, providing supplementary capacity and increased capability with DTS's systems and processes to carry out technical and managerial tasks in line with agreed draw down of

	<ul style="list-style-type: none"> Working with DoW to improve capacity of headquarters governance, planning, allocation, HR, IT and admin systems and staff through ISP and PMSC PMSC deployed to work at Province levels to assist and support DoW staff across their program with project preparation pipelines, tendering, contract supervision, quality issues and reporting Direct assistance through PMSC to DoW to achieve TSSP2 annual workplan outcomes Structured on-the-job training and mentoring of DoW staff at central and provincial levels to improve agency productivity through improved business processes Structured on-the-job training and mentoring of DoW field staff in project management and appropriate relationships with civil works contractors, including of identified junior staff More direct monitoring of PMSC performance, in partnership with DoW, through joint quarterly roads program coordination meetings including a focus on training and mentoring Support to improve the DoW information base (RAMS) Working with DoW, and other road sector stakeholders (e.g. DoT, NRA and Provincial Administrations), to agree the highest socioeconomic priority for investment of TSSP2 funding for road maintenance and rehabilitation. Establishment of an independent technical audit consultancy to provide senior management and sector stakeholders data on quality & value for money, and identify systemic performance problems. 	<ul style="list-style-type: none"> DoW to support improved organisational relationships and harmonisation of approaches. Technical assistance for specific capacity development and governance activities based upon a diagnostic assessment of the competencies and capabilities needed by NRA to undertake its role Support to improve information database (RAMS) that informs NRA planning and pipeline development Support for engagement with external stakeholders on the PNG Government's transport asset maintenance program Subject to careful assessment of appropriate financing options, governance arrangements and financial management systems, consideration of funding for NRA road maintenance contracts 	<p>powers;</p> <ul style="list-style-type: none"> Funding for the promotion acceptance of Bougainville Transport Plan (to be completed with AusAID funding by end 2012) at all levels of Bougainville administration Funding for civil works transport asset maintenance contracts, based on Bougainville Transport Plan and in line with broader TSSP2 principles and objectives including the Partnership. PMSC developing, tendering and delivering maintenance program with DTS Funding for essential project management systems and their upgrades; Support for engagement with external stakeholders on the ABC's transport asset maintenance programs.
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COMPONENT TWO: Safety and Security		COMPONENT THREE: Performance & Accountability			
End of Program Outcome (2023)	<p>3. Effective Agency and Sector Engagement and Performance</p> <p>(i) Systems in place to achieve predictable multi-year government funding streams for transport asset maintenance; (ii) key reforms progressed through enhanced engagement, agency performance and analysis.</p>				
TSSP2 Outcomes: (2018)	<p>Sub-Component 2.1: Safety and Security Regulation and Oversight</p> <p>Safety and security regulators and oversight agencies demonstrate improved organisational capacity to deliver core functions through a managerial and technical staff with increased competencies and productivity</p>	<p>Sub-Component 2.2: Service providers delivering safe and securer services</p> <p>Aviation, maritime and land transport agencies demonstrate improved capacity to deliver safety and security related services</p>	<p>Sub-Component 3.1 Sector & Agency Performance</p> <p>TSCMIC and member agencies demonstrate increased capacity to coordinate, monitor, advocate for and report on the sector and its activities</p>	<p>Sub-Component 3.2: Partnership Engagement Delivers Results</p> <p>PNG Government and GOA engagement results in a set of targeted institutional & policy reforms achieved and Partnership Funding levels met</p>	<p>Sub-Component 3.3: Research & Analysis</p> <p>Applied research and policy analysis completed and used to strengthen road maintenance delivery and aviation, land transport and maritime safety and security</p>
Partner Agencies	CASA, AIC NMSA NRSC, DoT	PNG ASL, PNGPCL, PNGNAC, DoW, NRA	DOT, TSCMIC	Sector & Central	Sector agencies, DNPM,
Intermediate Outcomes	<ul style="list-style-type: none"> Demonstrably strengthened organisation capabilities to control industry entry, plan surveillance program, monitor performance & enforce standards. Safety critical positions were filled with competent individuals exercising their duties professionally and competently. Regulators participate in 	<ul style="list-style-type: none"> Service providers demonstrate improvements in their capacity to plan, procure, finance, operate and manage fit-for-purpose critical safety and security processes and systems, which increase organisation income by enabling increased user charges Strengthened capabilities enable service providers to seek funding from government, private sector, manufacturers, foreign governments and other development partners for their 	<ul style="list-style-type: none"> TSCMIC, through DOT, coordinates, monitors and reports to government and PLLSMA on the implementation of the NTS, MTDP, MTTP and NEC decisions. TSCMIC Secretariat is operating effectively within DoT. Sector agencies have a clear understanding of their roles and responsibilities. The sector and agencies submit to government timely quality 	<ul style="list-style-type: none"> “Maintenance First!” sufficiently embedded in policy, planning and budgets to enable increased expenditure on rehabilitation and consideration of other economic priorities for TSSP2 support. PNG Government & Australian Government engagement results in road maintenance being funded for national and other roads at Partnership Schedule levels to maintain a reliable rolling program of contracts. Policy and operational advice and 	<ul style="list-style-type: none"> Targeted applied research and analysis is being used to inform policy, funding and operational decision-making related to (a) achievement of program outcomes (b) informed policy engagement and (c) remedying service delivery constraints. Expenditure tracking analysis on transport assets incorporating all sources of expenditure benchmarked by province across subsectors. Technical Audit consultant is

<p>Agency Competencies and Organisation Capacities</p>	<p>regional cooperation arrangements and demonstrate competence to regional partners through enhanced local capacity, operational effectiveness and mutual recognition arrangements.</p> <ul style="list-style-type: none"> Road safety awareness and accident data analysis is being effectively delivered Greater compliance with international obligations 	<p>major capital investment programs as well as effectively prioritise investments.</p> <ul style="list-style-type: none"> Improved reporting on performance by service providers enhances their accountability to their boards, ministers and government. ICAO and domestic compliance achieved in areas of safety and security, and regional compatibility enhanced in equipment and technologies. IMO compliance, coastguard and SPC audit findings feeding into stronger compliance outcomes IRAP assessment adopted as an investment decision making tool by DoW and NRA 	<p>reports, performance information and analysis through the framework of a credible Medium Term Transport Plan</p> <ul style="list-style-type: none"> Ministers, central agencies and users engage on policy change, financing, service delivery and sector development informed by accurate information provided by the sector The sector and agencies maintain productive relationships with the central agencies. National cross cutting policies (HIV/AIDS, gender equality, disability, climate change) integrated throughout transport sector policies and programs and resources being applied for the implementation High quality whole of sector Budget submissions are being delivered annually with effective advocacy with Ministers. TSCMIC, through DNPM, contributes to increased development partner coordination and harmonisation. 	<p>dialogue contribute to resolving key reform priorities including institutional inconsistencies on roles, responsibilities and funding strategies.</p> <ul style="list-style-type: none"> Advice is contributing to the development of strengthened institutional and organisational arrangements. 	<p>operating effectively in the land transport sector</p> <ul style="list-style-type: none"> Monitoring of transport asset tenders, contracts and performance reports is used to develop a reference of costs to contribute to reducing risks and increasing value for money. Research and analysis on gender, HIV and disability impacts are used to guide the allocation of resources and transport asset maintenance and system safety and security. Public dialogue promoted on the volume and quality of spending on transport infrastructure assets in all provinces from all sources of funding. Research into transport priorities outside the national transport network and delivery models to address these priorities proposed.
	<ul style="list-style-type: none"> Competent staff deliver industry entry control, surveillance and monitoring of performance and enforce standards. Updated, modern and appropriate safety and security laws, rules and regulations in place with appropriate systems and processes and staff trained to use them. Regulatory organisations 	<ul style="list-style-type: none"> Agencies improved functioning of finance, human resource and commercial functions. Agencies produced reports of improving quality with comparative data and audited accounts, and demonstrated a move from data collection to its use in performance management. Individuals in safety and security received regular training and supervision in carrying out their duties. 	<ul style="list-style-type: none"> TSCMIC provides robust and effective sector oversight and advocacy DOT accepts responsibility to provide the TSCMIC Secretariat with an institutional home. TSCMIC and agencies demonstrate capacity to implement government policy. National indicators from the NTS are tracked with appropriate data sources and reporting taking place against comparative 	<ul style="list-style-type: none"> AusAID-led dialogue with PNG Government politicians and senior public servants is taking place on a small set of targeted institutional and systematic reform priorities, informed by performance information and analysis, resulting in efficiency improvements. AusAID staffed to support effective dialogue and engagement at all levels and to participate in joint PNG Government, discussing priorities and funding, institutional 	<ul style="list-style-type: none"> TSCMIC processes commission appropriate and relevant research that is used. Local research organisations, communities, women and men participate in research activities. Skills to supervise and oversight sector research work established by the participating agencies. Managers and professionals use research analysis to shape interventions.

<p>Influencing Activities/ Inputs</p>	<p>are able respond promptly to corrective actions recommended by periodic international auditing and performance review.</p> <ul style="list-style-type: none"> • Technical assistance as recommended through diagnostic assessment provided through the TSSP, MoU and SGP; • Funding of in-country training of key regulatory staff by competent individuals for the medium to long term; • Provision of goods and services to support efficient regulatory systems and processes. • Supporting the effective functioning of the TSCMIC Sub Committee on Transport Security • Supporting ongoing institutional relationships and partnerships with key Australian counterpart agencies including the Department of Infrastructure, Aircservices Australia, Australian Transport Safety Bureau, Australian Maritime Safety Authority, Civil Aviation Safety Authority and Australian Road Research Bureau 	<ul style="list-style-type: none"> • Safety critical managerial operational positions are filled with competent individuals at all levels. • Support capacity building that directly contributes to improved safety and security service delivery by building skills in key positions and organisational units and the organisational systems needed. • Supporting investment decisions to ensure regional compliance and context appropriate systems and processes including providing independent technical assessments and project management support on the introduction of new technologies and investment • Supporting improved procurement processes and financial and corporate governance arrangements • Limited financing for safety and security related asset maintenance in aviation and maritime sectors where there is a clear Australian national interest, a public good argument is available and other funding sources are not accessible • Support the embedding of road safety audit practices including financing International Road Assessment Programme analysis. • Technical assistance as recommended through diagnostic assessment provided through the TSSP, MoU and SGP; • Funding of in-country training of key safety and security staff by 	<p>data.</p> <ul style="list-style-type: none"> • Support for the effective functioning of TSCMIC • Supporting DNPM to coordinate and monitor and report on the sector under the framework of the MTDP • Supporting new processes to strengthen demand for performance and accountability including through users conferences and forums. • Supporting increased engagement with provincial administrations and civil society groups • Supporting increased transparency of data collection and analysis • Support to strengthen systems for performance management and accountability • Supporting improved aid effectiveness in the sector, including through the revitalisation of the TSCMIC Sub Committee on Aid Effectiveness and by encouraging the mainstreaming of best practice across donor programs and projects • Practicing in joint monitoring and closer coordination with other donors 	<p>blockages and new developments.</p> <ul style="list-style-type: none"> • Performance-linked funds able to be mobilised to support improvements in the sector. • Flexible engagement able to respond, facilitate and support reform opportunities as and when they emerge • Strengthen political and bureaucratic leadership and commitment to mobilise resources and deliver on sector priorities. This will include generating political awareness and political commitment for key transport sector priorities through forums such as Prime ministerial bilateral meetings and visits, the Annual Ministerial Forum, the Annual Partnership Dialogue, senior AusAID Executive visits, other senior Australian agency visits, ongoing engagement through the High Commissioner and Head of Aid, and ongoing engagement through AusAID Transport team • Through Partnership dialogue consolidate current positive trends in terms of budget allocations and shift dialogue to reforms targeting the quality, efficiency and value for money of the spend against allocations. Reflect reform priorities in Partnership schedule to support dialogue • Contribute independent analysis on agreed priorities and constraints to influence, stimulate and broker coordinated PNG and Australian Government action in key areas • Proactive relationship building – 	<ul style="list-style-type: none"> • Delivery of high quality research and analysis • Effective dissemination of research findings to all stakeholders including subnational and user groups • Translation of research and analysis into realistic and achievable reform proposals • Advocacy to ensure research findings are picked up by decision makers and implemented • Piloting and/or developing new support activities including in areas beyond the current national priority roads

		<p>competent individuals on an ongoing basis.</p>		<p>personal and organizational at senior levels of both governments</p> <ul style="list-style-type: none">• Analysis and dialogue on performance against reform priorities• Regular dialogue on mutual expectations, the pace of reform and the size of the Australian footprint	
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Indicative M&E Framework – Outcomes, Key Questions and Suggested Performance Indicators

<p>Shared Development Outcome: A safe, reliable transport system in place enabling economic and social development in Papua New Guinea</p>	
<p>Assumptions:</p> <ul style="list-style-type: none"> That improved access to markets and services leads to increased income earning opportunities and better quality of life That improved transport safety systems result in less injury, family trauma and cost to the PNG health system That improved organisational efficiency results in more effective service delivery That increased funding for the sector results in increased service delivery activity 	
<p>Impact Performance Questions:</p> <ul style="list-style-type: none"> Have income earning opportunities improved since the completion of road maintenance and rehabilitation works? Has access to health and education facilities improved since the completion of road maintenance and rehabilitation works? Is road accident data being better collected and better used to inform road maintenance planning and delivery? Are maritime and civil aviation accidents and incidents being better investigated and informing regulatory policy? Are key reforms being achieved? <p>Program Performance Questions</p> <ul style="list-style-type: none"> How have the results of one component influenced results of other components? What factors beyond the control of the program have impacted on service delivery improvements? What factors beyond the control of the program have constrained or undermined efforts to improve service delivery? What unintended consequences have been observed as a result of program interventions? What improvements to gender equality and HIV prevention can be attributed to support the implementation of the <i>National Gender Policy</i> and the <i>National HIV & AIDS Strategy 2011-2015</i>? 	
<p>Suggested Performance Indicators:</p>	
Indicators	Information Source
Increasing income earning opportunities	2008 - 2010 Socio Economic Baseline & Impact study (SEIS); qualitative studies village livelihood study 2012 and further improved longitudinal SEIS studies (new and existing sites)
Decreasing travel times to education and health facilities	As above
Transport system accidents and incidents	PNG Government reporting systems (managed by NRSC (road accidents), AIC (aviation and maritime));
Increasing PNG Government funding to sector activities in line with priorities	PNG Government Budget Books; budget reviews; sector performance analysis; NEFC data
Progress against key reform priorities	Independent reviews specifically through IRG
Program performance	Sector, agency and program annual reports; activity reports; independent review;
Cross-cutting themes integrated key documents, budgets, plans and activities	Workshop data; document reviews; agency annual reports; activity work plans

Component 1: Priority Land Transport Assets Maintained

End of TSSP Outcome (2023)

PNG agencies delivering a sustainable maintenance program with predictable PNG Government funding to maintain 75 per cent of priority national roads in good condition

TSSP2 Outcomes (2018):

- 1.1 DoW is managing a prioritised program of maintenance and upgrading for priority national roads in line with Partnership for Development and MTDP targets.
- 1.2 NRA has increased capability to deliver its mandate and, should increased funding be available, maintain significantly increased kilometres of national roads.
- 1.3 A prioritised program of maintenance in Bougainville is being delivered with increased ABG DTS capacity to plan and manage the program.

Assumptions:

- The MTDP, NTS, MTTP and Partnership Schedule are mutually supportive.
- PNG Government meets Partnership Schedule funding commitments
- Agency asset maintenance workplans are based on a whole of life approach to prioritised asset management and are developed and implemented annually using improved planning tools.
- *Partnership for Development* resources allocated as agreed and dispersed in a timely manner to appropriate agencies

Performance Questions:

Service Delivery

- Are the road maintenance works meeting quality standards upon completion? (Improvements in drainage conditions, road levels, road/gravel thickness, surface quality)
- Are asset maintenance workplans improving in quality i.e. incorporating effective prioritisation and appropriate policies and procedures?
- Are the priorities outlined in the NTS being reflected in workplans? Are agencies progressing toward implementing 'whole of life' asset management approaches?
- Are *Partnership for Development* resources being allocated and expended?
- Is the budget aligned with priorities outlined in the Partnership for Development ?
- Have asset maintenance workplan activities been completed on time and within budget?
- How has DoW, NRA and ABG analysis of community needs influenced prioritisation of road asset maintenance and/or contracting approaches?
- What changes in demand for improved road asset maintenance can be attributed to women in decision making in government or connected to women's groups in the community (and others)?

Organisational Development

- Is TSSP advice and support contributing to improved clarity in roles and responsibilities within and between agencies?
- Is TSCMIC providing overall strategic guidance and leadership?
- Are the NTS and MTTP being effectively implemented by transport sector agencies?
- Are corporate plans being used as the primary management tool for the agencies?
- Are key managerial and technical positions filled with permanent competent staff?
- Are organisations improving their business processes?
- Are adequate HR plans in place to support staff training and development?
- Are budgets prepared delivered and reported effectively?

Suggested Performance Indicators:	
Indicator	Source
Service Delivery	
# km of road maintained and rehabilitated	Contracts, Annual Data collection and collation from DoW Road Maintenance Project Managers and PMSC (2011 baseline) – working toward whole of National Priority Road maintenance investment envelope (PNG Government and all donors)
% national priority roads in good – fair - poor condition	Road Asset Management System, Coarse Visual Condition Assessment; 2012/2013 Baseline to be developed from Visual Road Condition Survey
Asset maintenance workplans in Transport sector agencies consistent with all relevant policies and priorities under NTS and relevant legislative requirements	Agency asset maintenance workplans and budgets; sector development budget prioritisation criteria (Baseline will be 2011 data)
'Whole of life' asset management approaches are being adopted by Transport agencies	Agency policy documents; agency workplans; contract scope of work (2011 data exists for baseline)
Asset Maintenance work plan budgets include Partnership for Development resources and increasing percentage of funds expended	Budget documents; financial reports; independent review; (2011 data exists for base line)
Increased Percentage agreed asset maintenance workplan priorities completed for year.	Activity completion reports; contract reports; PMC and agency reports; independent review (Baseline 2011 exists for TSSP funded projects; 'Robust' DoW reporting commenced late 2011; PNG ASL prepare excellent reports)
Agreed asset maintenance workplan priorities completed on schedule and within budget.	Activity completion reports; contract reports; PMC and agency reports; independent review (Baseline 2011 exists for TSSP funded projects; 'Robust' DoW reporting commenced late 2011; PNG ASL prepare excellent reports)
Agencies report improved understanding of roles; sector wide meetings occurring (TSCMIC)	TSCMIC Meetings and annual Strategic Framework Review
Organisational Development	
PNG Government agency corporate plans are used as primary management documents to provide strategic guidance and promote change.	Audit of corporate plans; agency corporate plan usage and transport sector agency Annual Reports – baseline data exists
Improved coordination and formulation of agency budgets within the sector	Annual review of coordinated Development Budget submission process by DoT
Accurate annual, quarterly and other reports delivered on time by DoW, NRA and ABG through TSCMIC to central agencies	TSCMIC Meeting Minutes; Reviews by TSSP advisers (Baseline exists for DoW).

Component 2: Critical Transport Safety and Security Systems Operating Effectively

End of TSSP Outcome (2023)

Critical safety and security regulatory and service functions consistently demonstrate enhanced stability, competence and compliance to standards.

TSSP2 Outcomes (2018):

- 2.1 Safety and security regulators and oversight agencies demonstrate improved organisational capacity to deliver core functions through a managerial and technical staff with increased competencies and productivity
- 2.2 Aviation, maritime and land transport agencies demonstrate improved capacity to deliver safety and security related services

Assumptions

- That regulatory agencies (CASA, NMSA, NRSC, AIC, DoT) and PNG Government commit to fill key positions with skilled and competent staff including management, technical and legal officers.
- That legal and regulatory frameworks are able to be appropriately strengthened
- That enforcement of safety and security regulations improves.
- PNG Government works to ensure all agencies and state-owned enterprises have qualified and competent boards and senior management able to operate effectively.

Performance Questions

Aviation

- Are the certified airports being maintained to ICAO standards?
- Is CASA issuing Corrective Action Notices (CANs) and what is the responsiveness of industry to implementing remedial action?
- Are Civil Aviation Rules being complied with? i.e. exposition documents being prepared to appropriate quality and being submitted in a timely manner to CASA?
- Are appropriate (and improved) Air Traffic Management communication and navigation systems installed and maintained?
- Is CASA implementing effective safety and security regulatory entry, monitoring and surveillance systems?
- What refresher, up skilling and on-the job training is being undertaken with the agencies & SOE's in key safety and security areas?

Maritime

- Have improved container handling practices reduced cargo loss (if relevant data is available)
- Are PNG owned ships and other ships in PNG waters complying with international and domestic standards?
- Is NMSA implementing effective safety and security regulatory entry, monitoring and surveillance systems?
- Are non-compliance prosecution measures being implemented?
- Are safety audit systems developed and implemented?
- Is the Small Craft Safety Act being implemented?
- What refresher, up-skilling and on-the job training is being undertaken with the agencies & SOE's in key safety and security areas?

Land Transport

- Are relevant land transport agencies developing and implementing land transport road safety audit capacities?
- Are road safety audits informing maintenance design and delivery?

Suggested Performance Indicators: (Note: this component is new to TSSP and data collection in relation to most indicators is not currently undertaken by TSSP. Specific indicators will need to be confirmed as part of the TSSP2 diagnostic and service agreement processes based on agency capacity and data availability)	
Indicators	Source
Aviation	
Number of annual audits and surveillance activities completed on time	CASA workplans and reports
Number of airports certified to ICAO standards	CASA – Baseline 2011 exists
Number of CANs being rectified in a timely manner	PNG ASL – Operational Performance Data; CASA – Operational Performance Data
Progress with completion and implementation of PNGASL Communication and Navigation projects and systems	PNG ASL – Operational Performance Data;
Civil aviation accidents and incidents are reported and investigated appropriately	Operator (ASL, NAC and airlines) and CASA mandatory and voluntary reporting systems
Maritime	
Progress implementing Small Craft Safety Act	NMISA Project Management Records; Provincial Government administrative records
Numbers and percentage of vessels in PNG waters being inspected for international maritime safety requirements; number of inspected vessels complying with international maritime safety requirements	NMISA records
Percentage of implemented non-compliance measures being corrected by ship owners	NMISA records
Land Transport	
Number of road safety audits completed annually	NRSC, DoW and NRA
For regulators and service providers	
Senior managerial and staff positions filled with permanent competent individuals	Organisational staffing profiles for CASA, NMSA, Collect baseline in 2012
Corporate plans are used as primary management documents to provide strategic guidance and promote change.	Audit of corporate plans; agency corporate plan usage and transport sector agency Annual Reports – baseline data exists
Improved coordination and formulation of budgets within agencies	Annual review of coordinated Development Budget submission process by DoT
Accurate annual, quarterly and other reports delivered on time through TSCMIC to central agencies	TSCMIC Meeting Minutes; Reviews by TSSP advisers (Baseline exists for DoW).

Component 3: Effective Agency and Sector Engagement, Performance and Accountability

End of TSSP Outcome (2023)

(i) systems in place to achieve predictable multi-year government funding streams for transport asset maintenance and (ii) key reforms progressed through enhanced engagement, agency performance and analysis.

TSSP2 Outcomes (2018):

- 3.1 TSCMIC and member agencies demonstrate increased capacity to coordinate, monitor, advocate for and report on the sector and its activities.
- 3.2 PNG Government and Australian Government engagement results in a set of targeted institutional and policy reforms achieved and Partnership funding levels achieved.
- 3.3 Applied research and policy analysis completed and used to strengthen road maintenance delivery and aviation, land transport and maritime safety and security.

Assumptions

- That budget resources are available for implementation of the NTS and MTTP
- That PNG Government national and transport sector policy documents set a realistic and integrated agenda
- That a well prepared, coordinated and promoted transport sector development budget submission will result in an increased level of funding to the appropriate agencies for projects prioritised by the sector
- That development budget allocations across sectors relate to priorities in PNG Government national policy documents
- That central agencies use transport agency reports to inform future budget allocations
- That AusAID will provide additional resources at Post to support improved engagement

Performance Questions

- Is TSCMIC effectively overseeing implementation of the NTS and the MTTP
- Is TSCMIC enabling and supporting a whole of sector approach?
- To what extent are transport sector agencies promoting their core business to central agencies?
- Are Transport sector agency policies and corporate plans supporting improved organisational effectiveness?
- Is there sufficient funding available to meet corporate plan objectives?
- Are Transport sector agencies meeting their obligations to report to government on performance and finance?
- Are donors aligning their programs with transport sector needs and with each other?
- Is TSSP working collaboratively with EPSP, SGP and the PLGP on economic and public sector reform issues?
- Do central agencies provide clear information to transport sector agencies about budget and planning processes?
- Are central agencies increasingly aware of transport sector needs?
- Is the percentage of the total budget directed to transport increasing? Is the percentage allocated to Partnership schedule target areas increasing?
- Are opportunities to extend and deepen policy dialogue being pursued?
- Have research priorities been articulated for the sector and are they being undertaken?
- Are transport sector agencies using robust evidence to inform policy development and implementation?
- Is ongoing analysis into contracting costs contributing to improved scope of services, more reliable contract budgets increasing value for money?
- Are cross-cutting issues being researched and analysed and what approaches have been trialled and adopted to support local efforts to address constraints and strengthen responses?

Suggested Performance Indicators:	
Indicators	Source
Progress toward achievement of NTS and MTTP shared priorities (subjective narrative)	PNG Government Budget; agency budgets; annual reports; independent reviews; commissioned research and analysis; and TSCMIC meeting minutes; information collected through and for NTS M&E framework
Value and Percentage of national development budget allocations to the transport sector	PNG Government Budget
Frequency and attendance of TSCMIC meetings and implementation of TSCMIC decisions	TSCMIC meeting minutes
Quality, quantity and timeliness of transport sector agency reporting provided to central agencies; Level of response to sector agency reporting provided by central agencies	Annual TSCMIC Strategic Framework Review ; central agency participation in and support for Development Budget Submission process
Proportion of corporate plans meeting corporate plan quality criteria including extent of use of corporate plans by agencies	Audit of agency Corporate plans against quality criteria – Baseline 2010/2011 exists
High quality and credible Development Budget bid submitted annually	Annual review of Development Budget Submission process; Development Budget outcomes (PNG Government Budget Books)
Asset maintenance workplans reflect all funding sources and agreed priorities	Annual review of Development and Recurrent Budget allocations in relation to asset maintenance work plans
Accurate and timely management, financial and activity reports delivered through TSCMIC to central agencies	Annual financial and other reporting and audit processes
TSCMIC Aid Effectiveness Sub Committee is meeting and implementing agreed actions to harmonise donor activities	TSCMIC Meeting Minutes
Contracting costs achieving increased value for money	On-going TSSP funded research activity with DoW, NRA and ABG and data provided by the PMC
Transport Sector Research strategy developed and endorsed by TSCMIC	TSCMIC

Cross Cutting Themes (HIV/AIDS, Gender, Environment and Disability)

<p>Governance Outcome: Cross-cutting themes are integrated into sector and Transport sector agency strategies policies and plans.</p>	
<p>Performance Questions:</p> <ul style="list-style-type: none"> • How many agencies have developed plans for cross cutting themes? • Are cross cutting themes integrated into agency policies and plans? • Are cross cutting theme plans being implemented? • Is practice changing as a result of training in cross cutting themes? • Are cross cutting themes mainstreamed into projects and normal practice? 	
<p>Performance Indicators:</p>	
<p>Indicator</p>	
Agency policies and plans operational and aligned to relevant national strategies, policies and legislation	Source Audit of corporate plans (Baseline 2010 exists); adviser input
Cross-cutting themes are integrated into all training; specific training is being delivered against various cross cutting themes.	Audit of training materials –through HR divisions
PMSC and road maintenance contractors are providing training in cross cutting themes to their project teams and communities in which they are operating; # of men, women, boys and girls participating in the awareness	PMSC Project management records
Number and percentage of contracts with HIV/AIDS awareness campaigns; number of participants per contract	TSSP Funded Research Activity
Compliance with implementing environmental management plans for asset maintenance projects	TSSP Funded Research Activity

Annex 10: Transition Plan

Background

Peer review of earlier drafts of the Transport Sector Support Program (TSSP) Phase 2 Design suggested that the Design Document would benefit from further detailing of proposed transition arrangements. This document has been prepared to meet this need and articulate the change management process that the AusAID Transport Team has developed to monitor and oversight this transitioning process. This document describes the elements of the transitioning arrangements.

A rolling approach to transitioning will be adopted by AusAID, in which it will first develop some of the new processes and procedures prior to the mobilisation of the new support service providers. This approach maximises the knowledge and experience of the incumbent service providers and minimises any disruption that may occur as the new providers establish themselves.

The transitioning process recognises that a number of interrelated activities need to take place in order for the full framework of TSSP2 to be established and implemented. These activities are broadly categorised into five elements.

Lessons learnt activities are those that result from wider AusAID program reviews and TSSP1 specific knowledge that has been gained from the review and assessment initiatives undertaken as part of the TSSP2 design process. These include the Procurement Diagnostic conducted in early 2011 and subsequent PFM study conducted in late 2011. This category of activities addresses specific process and capacity shortcomings that have been identified as a result of using PNG Government systems and processes, and weaknesses in TSSP1 design and documentation. This is linked also with the contractually mandated completion reporting of TSSP1, which provides an assessment of activity performance against design objectives.

Benchmarking and review activities are those that need to be undertaken with each transport agency to update and detail their organisational development and capacity building needs. The outcome of these activities will be a series of Agency Support Agreements that articulate the details of the relationship between TSSP and the Agency for TSSP2. The Agreements document the scope and expected outcomes of TSSP2 capacity building support; the numbers, type and duration of Advisors; and details on how this support will be monitored, performance managed and accounted and the financial/procurement processes and procedures that will be upheld.

Establishment activities are those that are required for the demobilisation of incumbent and the recruitment and mobilisation of new implementing parties that will be delivering and overseeing TSSP2. These include a Program Director, Implementing Service Provider (ISP), Project Management and Supervision Consultancy (PMSC), Technical Audit Consultancy, Component Managers and other key adviser positions, and the Independent Review Group.

Routine activities related annual TSSP workplan planning and implementation activities that are necessary to enable agency service delivery to be conducted uninterrupted by the transition from TSSP1 to TSSP2.

PNG Government/AusAID activities are those that AusAID will need to undertake in order to complete TSSP1 and establish TSSP2 including establishment of subsidiary arrangements.

Assumptions

TSSP represents the main support delivery mechanism for the Government of Australia's support to the PNG transport sector. TSSP2 will be complimented by integrated support from the SGP Program and the

MOU which articulates the Government of Australia's Whole of Government support to the sector. TSSP is part of a long term commitment of support that is expected to last for 15 to 20 years. TSSP's scope, purpose and funding are articulated in the PNG-Australia Partnership for Development framework. The Partnership currently has a 2011 to 2015 commitment horizon. With the Partnership umbrella straddling TSSP1 and TSSP2, it is assumed that this funding will be available without interruption between the two phases.

In order that TSSP2 be able to respond effectively to the changing needs of the sector, it is designed to be flexible and able to evolve during its implementation. The transitioning between TSSP1 and TSSP2 is therefore seen as a process of repositioning in response to changing needs and priorities and a significant opportunity to apply lessons learnt. It is assumed that the change process will be incremental and delivered at a pace at which it can be administered and absorbed.

Program design, transitioning and establishment is seen as a process. The design determines the scope, management and oversight framework of TSSP2. Once this is established and agreed, the detailing is possible and based upon agency specific diagnosis and dialogue. Finally transitioning arrangements chart the change process from the existing framework to the new.

It is important that the transitioning arrangements minimise disruption to the implementation of TSSP's annual 2012 and 2013 workplans and planning processes. It is therefore not desirable for TSSP to transition from one framework to another overnight, as this will cause a hiatus while new service providers (like the ISP, PMSC and key advisers) are recruited and some of the new program processes and procedures put in place. AusAID will therefore adopt a rolling approach to transitioning, in which it will first develop the new processes and procedures prior to the mobilisation of the new support service providers. This approach maximises the knowledge and experience of the incumbent service providers and minimises any disruption that may occur as the new providers establish themselves.

Lessons Learnt Activities

Lessons Learnt Activities fall into two categories; lessons learnt from the wider AusAID Program context and Lessons Learnt specifically from TSSP1.

The former are derived from the Development Cooperation Treaty Review and subsequent Joint Adviser Review. Here transition activities address two key recommendations, 1) to re-focus the program towards a strengthened service delivery stance, and 2) to review the manner in which Technical Assistance is delivered with a view to making it more effective.

In response to DCT review, TSSP has already begun a process to re-orient its monitoring and evaluation culture to capture the harder quantifiable aspects of program delivery as well as less easily demonstrable capacity building impacts. Likewise it has reduced the scope of its support in the maritime and aviation sub sectors to focus upon safety and security. This is an on-going process in which TSSP is fulfilling legacy commitments, reducing the scope of its support in aviation and maritime agencies; and exploring existing appropriate data capture regimes and information sources and recording its physical service delivery performance in a more robust manner. It includes looking at how TSSP can assist PNG Government Agencies to build their own internal M&E capacities to monitor the performance of their implementation of the corporate development strategies developed under TSSP1, as well as how TSSP can support the sectors efforts to improve reporting to PNG Government and its Central Agencies. These agency, sector and program aspects of M&E have been incorporated into the TSSP2 Design.

In order to enable TSSP2 to start with a clear performance baseline and compatible performance record of TSSP1, the incumbent ISP will consolidate end of phase program performance and trend data in a format that is consistent with the TSSP2 M&E Framework. This activity will require the incumbent ISP to revisit some of its implementation records and perhaps draw out some data and implementation performance information that may not have been reported before. The TSSP2 M&E Framework now includes new

performance indicators such as agency transaction, productivity and value-for-money criteria that monitor not only the outputs and outcomes of TSSP support but also the efficiency in which it is delivered.

Similarly, the Visual Road Condition Survey will be commenced during the transition period to develop baseline data and a road safety audit of the entire national network for monitoring and evaluating the progress and investment of road works undertaken in TSSP2.

TSSP1 has taken steps to ensure that high quality specialist oversight is maintained in the area of program delivery during the transition period, but this may need to be augmented by supplementary research resources to help retrieve archived data and statistics that have not been collated before.

The 2010 joint AusAID/PNG Government Technical Adviser Review highlighted a need to move away from the Adviser as a default TA delivery model and recommended that a more robust approach be taken to identifying the most appropriate and cost effective delivery method. The review assessed the relative priority all adviser positions and made recommendations to reduce numbers and refine roles and expected outcomes. A two year deadline was given to implement these recommendations. TSSP has been implementing these recommendations on an on-going basis and completed implementation in July 2012. Current Adviser numbers are at minimum levels pending the start of TSSP2.

AusAID with the understanding of the PNG transport sector agencies has agreed on a minimal advisor profile to be in place during the transition period. During the rundown of TSSP1 a natural attrition of Advisers is expected. AusAID will review, on a case by case basis, the impact of this attrition on TSSP's existing workplan commitments. Where necessary short term consultants will be recruited by the ISP to fill gaps in critical areas.

With respect to the manner in which technical assistance is delivered, TSSP1 has been researching and trailing alternatives for some time. The lessons learnt from this experience have been built into the TSSP2 Design. A number of key lessons have been learnt.

- There are administrative and fund flow difficulties in supporting in-line positions.
- Agency capacity to manage the performance of TA is weak and as a result agencies have not been able to make the most effective use of TA. Systems of joint TA performance monitoring are required to ensure that embedded TA remains focused, appropriate and effective, and that agency executives are able to provide timely support to the reform process. This process will be supported by the appointment of a Performance Management and Recruitment Specialist to the TSSP core team.
- During TSSP1 agency accountability for TA and material support has been limited and advisers themselves have been the main monitoring and reporting mechanism. This has done little to build the capacity of agencies to articulate their performance to central agencies and the broader PNG Government. During TSSP2 Agencies will become responsible for reporting on AusAID support. It is intended this reporting will be embedded within the agencies whole of envelope reporting obligations to PNG Government and support will be provided to the agencies to build their capacity to undertake this task.

Specific lessons in regards to recruitment, accountability, performance management of the different types of TA available will be built into the Agency Support Agreements that are central to the Benchmarking and Review Activities that are discussed later in this document.

Lessons Learnt from the TSSP1 implementation review process, specifically the Procurement Diagnostic (April 2011), the PFM Review (July 2011) and Annual Audits have been accounted for in the TSSP2 Design. In many cases recommendations have already been actioned, and if not, steps are being taken for the recommendations to become effective when TSSP2 commences.

Of particular importance are changes resulting from the Procurement Diagnostic and PFM review. The details of these activities has been set out in AusAID's Management Response to the reviews, which split activities into those for immediate action (which have already been actioned), and activities to prepare for implementation under TSSP2.

To support this, the ISP has recruited a Procurement Specialist specifically to detail and implement the recommendations of the Procurement Diagnostic and at the same time strengthen TSSP1's procurement expertise while its TA foot print is at a minimum. The Procurement Specialist is tasked to review TSSP1's procurement processes and manuals, take immediate steps to address identified risks and shortcomings and then to update TSSP Documentation and Manuals to make it compliant with the Procurement Diagnostic's recommendations and the TSSP2 architecture. Once completed, the Procurement Specialist will deliver training to the PNG agencies in preparation for the new processes becoming effective at the beginning of TSSP2, and where possible, strengthened regimes will be made immediately effective. In this manner TSSP2 will start form a position of strength and knowledge.

In addition to processes and procedures, the Procurement Diagnostic identified changes that need to be made to AusAID, ISP and PMSC contract procedures and documentation. These are required to ensure that TSSP1 omissions and shortcomings are overcome and performance and accountability is clearly articulated. The Procurement Specialist will provide essential input into the development and detailing of these documents as well as supporting the actual recruitment of the new ISP and PMSC. Likewise, the Procurement Specialist will have particular input into the development and clear articulation of the PMSC and TAC contracts and their joint performance management arrangements with PNG Government agencies. Both areas are key new aspects of the TSSP2 Design architecture.

TSSP1 has also recruited a short term procurement consultant to focus on the Agency specific aspects of the Procurement Diagnostic recommendations. In the first instance this consultant will address specific Workplan procurement risks in the National Airport Corporation. Concurrently the Consultant will follow through on the work started by the Procurement Diagnostic and detail a program of remedial and capacity building activities needed to be implemented in NAC. The outcome of this work will feed into the agency agreement for resourcing and implementation.

The TSSP subsidiary arrangement with PNG Government also needs to be revised in light of recommendations made in the Procurement Diagnostic and changes resulting from the TSSP2 design. The TSSP Procurement Specialist will assist in areas identified by the Procurement Diagnostic. The AusAID Transport Team has already initiated this task by seeking advice on due process. With the approval of the TSSP2 design the details of amendments can be drawn up for Australia and PNG Government approval. This is likely to take two or three months to achieve and has been scheduled to take place in Q1 of 2013.

It is noted that the Public Sector Financial Management Review of TSSP1 identified changes that should be made to the manner in which TSSP (and other AusAID programs) acquit and report within PNG Government's national financial systems. This issue is AusAID wide and can only be dealt with on a program basis. It is therefore raised here as a higher level reminder rather than a transition activity.

Likewise the annual review and re-drafting of the Partnership for Development Transport Schedule is mentioned here as a reminder. Each year the PNG Government and Australian Government reviews the performance of the Partnership and its mutual commitments as well as the text of the Transport Schedule. The latter in order to ensure continued relevance. Significant changes were made to bring the schedule in line with PNG Government's development priorities, and in it is planned to further adjust the Safety and Security performance indicators to improve on their clarity and relevance.

The final sub set of transition activities under lessons learnt are those relating to the PNG-Australia Transport Sector Memorandum of Understanding. TSSP2 seeks to facilitate fully integrated Australian Government support to the PNG transport sector. In this regard it is fortunate that both TSSP and the MoU itself are both up for renewal at roughly the same time. This gives AusAID and its partners the opportunity

to further synchronise and integrate TSSP and MoU planning, reporting, oversight and quality assurance processes. This will help ensure that holistic support is delivered consistently to the sector through the most appropriate and cost effective support mechanism. Key to this holistic approach is:

- the mutual use of TSCMIC as the primary PNG Government oversight and leadership body
- the desire to enable the PNG Government agencies to lead the engagement process and be accountable for implementation performance, acquittals and reporting on a whole of envelop resource basis
- the desire to maximise the unique flexibilities of MoU and TSSP resources and expertise
- the need to monitor and report on the whole of transport program support (TSSP, SGP and MoU) in order to maximise synergies and avoid duplication.

Benchmarking and Review Activities

Benchmarking and Review activities are core repositioning activities that need to take place before TSSP2 can begin. These activities focus on a series of consultations and reviews of each partner agency to identify and articulate a more structured approach to identifying the target areas for capacity development.

The capacity diagnostics and Agency Support Agreements will:

- establish an organisational performance benchmark for each agency at the beginning of TSSP2 and construct an outline development roadmap to 2018
- identify current areas of organisational and service delivery weakness and focus areas for TSSP2 support
- develop coherent approaches to the delivery of support and its performance management
- develop and articulate mutual understanding and commitments by both the Agency executives and TSSP on:
 - the actions required by both parties to create and sustain an enabling environment in which the support is delivered
 - the financial management, procurement process, progress reporting and acquittal responsibilities of both parties
 - the process of annual performance review and updating of support commitments and expectations.
- articulate and document how the three modalities of support (TSSP, SGP and MOU) will be integrated, interact and account for its contribution to the development of the sector.

While the exact scope of diagnostics and associated service agreements will vary on a case by case basis, a number of principles will inform the approach

- **Joint approach:** all capacity diagnostics will be led jointly by PNG Government and AusAID (with the recipient agency taking the leadership role), and include representation from relevant TSCMIC stakeholders and where appropriate counterpart Australian agencies. Where ever possible the diagnostics should include representation from non-state actors, particular users or key stakeholders.
- **Independence and technical expertise:** to ensure that all support is based on robust analysis, diagnostics will be contracted to independent individuals with the appropriate technical expertise to undertake diagnostics and/or design work. They will work in partnership with the stakeholders to undertake the relevant work jointly;

- **Methodology:** a detailed methodology for each capacity diagnostic will be developed (building on lessons from AusAID’s health program and EPSP). This will employ a ‘mixed methods’ approach – i.e. a mix of quantitative and qualitative data collection methods. This will be adapted as needed for future diagnostics based on individual circumstances.
- **Plans and priorities:** the starting point for capacity diagnostics are the relevant PNG Government sector and agency legal obligations, plans and priorities.
- **Capacity availability and utilisation:** the assessment of existing capacity availability and utilisation will:
 - assess existing capacity (resources and incentives for change), through a problem-based analysis as well as recognising strength-based approaches
 - utilise the existing information base, to avoid re-inventing the wheel, build on effective approaches and past lessons learned, and identify selected areas where in-depth analysis can best add value
 - identify opportunities to promote program coherence between PNG stakeholders, development partners, and across AusAID programs
 - address political economy issues which effect service delivery implementation.
- **Strategies for change:** diagnostics will identify how to most effectively implement PNG strategies for change (or identify where strategies need to be developed if they are absent), including identifying an appropriate theory of change and program logic – i.e. resources, activities outputs, intermediate outcomes and end-of-program outcomes. They will identify opportunities to promote gender equality in the analysis and design of plans, strategies and activities and M&E. In cases where diagnostic approaches identify the need for the development of long-term and broad institutional changes (e.g. comprehensive approach to human resource training) which are beyond the scope of TSSP to support, AusAID and PNG Government will investigate alternative options.
- **Monitoring & Evaluation:** based on agreed strategies for change, M&E data will be drawn primarily from PNG Government systems and supplemented through TSSP as required (particularly to determine the latter’s contribution to capacity development changes). A baseline assessment will be conducted as part of the diagnostic process, including collection of sex-disaggregated data where appropriate.
- **Agency Support Agreements:** outcomes of the diagnostic process will include agreements of up to five years of support (reviewed on an annual basis) being negotiated between relevant parties at the end of the diagnostic process and including these components:
 - i) summary findings of diagnostic assessment
 - ii) PNG Government and AusAID financial management and procurement process arrangements and commitments
 - iii) agreed strategies and proposed interventions to accelerate progress (including policy, operational, resource etc. commitments)
 - iv) agreed joint result areas to be monitored, including bench marks, milestones and performance indicators for assessment of progress
 - v) agreed scope, type, role, reporting, succession planning, and cost sharing of TA
 - vi) processes for regular engagement and performance review.

The consultation and review process will be finalised during 2012/2013, during which time the AusAID transport team will consult with other programs to learn lessons from their own capacity review processes which have recently been undertaken in the health and education sectors. This information will be considered along with advice from the ISP and other stakeholders. A diagnostic framework will be

developed along with scopes of services for the review activity. Where other parties are already undertaking similar capacity reviews (like the World Bank in NRA and Australian Airservices in ASL) TSSP will piggy back its review efforts and build on existing information.

Sequencing of the reviews is driven by the immediate needs of each agency. Preference will be given in the first instance to the simpler SoE's, so that experience can be gained before tackling more complicated agency support programs such as DoW.

While the reviews are intended to form the basis of support for the duration of TSSP2, it is recognised that it will not be possible to detail expectations for such a long timeframe. Indeed such detailing is undesirable as it will restrict the flexibility of TSSP2 and its ability to respond to the evolving needs of the sector. Accordingly, detailing will focus on the short to medium term. The annual process of joint performance review and procurement planning is expected to update the specifics of the Agency Support Agreements on an annual basis. In this manner TSSP2 can retain its flexibility and performance expectations are kept realistic and meaningful.

The reviews for DoW and ABG DTS will require particular attention due to their complexity, size and uniqueness. The DoW review is expected to take several months and be conducted in an iterative manner in order for the review to capture the detailed needs of this complex environment and to build solid understanding and agreement on the issues targeted for address in TSSP2. In the meantime TSSP1 will continue its capacity building and service delivery support to the organisation so that service delivery on the ground will not be interrupted either by the transition into TSSP2 nor the mobilisation of the new ISP or PMSC.

The ABG DTS review will build on the analysis carried out during the Procurement Diagnostic and be consistent with other capacity reviews being undertaken by AusAID on behalf of the ABG. The TSSP review will be initiated once the ABG Transport Plan has been developed, (with TSSP assistance). The final DTS Agency Support Agreement is expected to define a key set of capacities and benchmarks that the DTS is expected to achieve during TSSP2. Given the extremely low capacity level of DTS, it is expected that ABG/DTS systems and procedures will be inadequate for TSSP2 to adopt for at least two years. In the meantime, the TSSP2 PMSC will deliver services directly in the manner in which they are being delivered under TSSP1.

The review process and establishment of Agency Support Agreements is expected to be completed for some most agencies through to June 2013.

In Q1/2 2013 AusAID will also commission fiduciary risk assessment for public bodies to inform the funding agreements for TSSP2 that will comprise part of the Agency Support Agreements.

Establishment Activities

Establishment activities are those that are required for the demobilisation of incumbent and recruitment of new implementing parties that will be delivering and overseeing TSSP2. These include a Program Director, ISP (including the Component Managers, Core Specialist Team and key adviser positions), PMSC, TAC, and the Independent Review Group.

The Design Document outlines the roles and responsibilities of the new implementation parties. Recruitment and mobilisation is planned as follows.

- **Program Director** – RFT out by end January 2013 for July 2013 mobilisation.
- **Implementation Service Provider (ISP)** - RFT out by end January 2013 for senior management team, including component managers, to mobilise in late Q2 2013 to facilitate a smooth handover from incumbent ISP by the end of June 2013. Core Specialist Team and key advisers mobilising on 1 July 2013.

- **Project Management and Supervision Consultancy (PMSC)** – RFT out in mid Q2 2013 for team mobilisation in Q1 2014. A slow contract approval process by PNG Government is a risk to this activity. To manage this risk the current PMC contracts have a one year optional extension. If TSSP2 has to use this option, short term arrangements will need to be made to ensure that the civil works and capacity building program in Bougainville can progress uninterrupted. This may include the ISP managing a sub-contract with an interim PMSC during transitional arrangements.
- **Technical Audit Consultancy (TAC)** – Whilst the TAC does not need to be in place on day one of TSSP2, it will be necessary for all parties to know and understand the role and responsibilities of the TAC and their own scopes of services will in some ways relate to those of TAC. Accordingly, it will be necessary to develop the detailed Scope of Service of the ITA in conjunction with the DoW Agency Support Agreement. Mobilisation of the TAC need not take place until early to mid 2014.
- **Independent Review Group (IRG)** – Mobilisation for the IGP is not needed until well into 2014, because some settling in time for TSSP2 will be needed before any sort of review will add value. This notwithstanding it will take some time to establish a robust panel of experts with framework contracts. Accordingly, this task needs to be noted and placed as a priority for the incoming ISP.

Routine TSSP Implementation and Planning Activities

In extending TSSP1 to June 2013, AusAID has committed to uninterrupted support to deliver AusAID funded transport sector workplans and on-going implementation service provision to deliver routine program implementation and planning activities. The ISP will continue to undertake its routine advisor, planning, financial and cash flow management support and deliver on its reporting and oversight obligations, while at the same time assisting in and facilitating the transitioning to TSSP2. The specifics of these activities are routine in nature and cover all aspects of program management and oversight.

AusAID Post Transition Activities

In order for TSSP1 to Transition into TSSP2 there is a pre-designated sequence of activities that AusAID Canberra and AusAID post will have to undertake. Whilst most of these are administrative in nature, they need to be identified and tracked if TSSP2 is to be appropriately mandated and given financial clearances to establish itself.

In addition to these internal establishment activities AusAID post will need to work on a number of its internal processes to update them to fit the needs of TSSP2. These processes include M&E, performance management, fund flow management, development partner coordination and joint monitoring, stakeholder communication and briefings to the newly elected PNG Government and its newly appointed officials.

In order to achieve this AusAID will need to develop a set of briefing documents for stakeholders that clearly articulates AusAID's strategic priorities with respect to TSSP2 and the higher level public sector reform and governance changes that it hopes to leverage through the implementation of TSSP2. This will support briefing of new PNG Government.

AusAID and the TSSP1 ISP also need to undertake a number of activities to formally close TSSP1. These activities include contracted financial audits and activity completion reports and consideration of independent evaluation requirements.

Transition Oversight and Coordination

It is the joint responsibility of PNG Government and AusAID to ensure the smooth transition to TSSP2 and to create an enabling environment in which it can be established. Formal approval of the TSSP2 Design

Document will enable negotiations around the establishment of overarching agreements between the PNG and Australian Government.

AusAID post will be responsible for the ultimate delivery of the transition schedule. AusAID's First Secretary Transport with the assistance of the TSSP Program Director will manage the implementation of the Transition Schedule on a day to day basis.

Annex 11: Land Transport (Component 1) Roles and Responsibilities

Activity	PNG Agencies (Employer)	Implementing Service Provider	Project Management and Supervision Consultancy (PMSC)	Civil Works Contractors	Technical Audit Consultant
Prime role	DoW, ABG DTS implementing party. Potentially NRA in the future DoW is the Contract Employer for PMSC DoW is Employer and PMSC is Engineer for major FIDIC civil works contracts. DoW PWM is Engineer with PMSC support for non FIDIC contracts	Capacity development for the three PNG Government agencies.	The Engineer for major civil works contracts (FIDIC model). Assistance and support to PWM as the engineer for all other contracts Accountable contractually for the exercise of those powers. (<i>change from TSSP 1</i>) Depth of tasks varies for DoW, NRA and ABG. Capacity building and mentoring at the technical (provincial) level.	Deliver maintenance and rehabilitation works as contracted.	To undertake technical and management audit on the delivery of civil works, output quality and the manner of its delivery
Contracted by	N/A	AusAID	PNG Government (DoW)	PNG Government/ABG	AusAID through ISP
Organisational Capacity Development	Management, and counterpart commitments, resources and staff. DoW & NRA focus: Senior management mentoring, governance and accounting, budgeting, financing, M&E, reporting. ABG focus: full organisational development of DTS	DoW, ABG and NRA: Organisational capacity development in key aspects as defined by diagnostics and articulated in agency service agreements.	Work within PNG Government systems in supporting the delivery of maintenance; cooperatively with ISP supporting the use of those systems whenever possible and value for money.	N/A	Providing performance data, findings and recommendations to Road Program Coordinating Committee (RPCC).
Asset Maintenance Implementation	Employer under FIDIC contract (modified as required) for major works rehabilitation contracts Employer under current PNG Government contracts for all other contracts	No role other than as specified for payments and oversight of trust account. But <i>de facto</i> oversight role through employment of Component 1 Manager	Engineers under FIDIC Contract as delegated by Employer. Role includes instructions to Contractor, examine and inspect works; reject or accept works; certify payments. Make determinations in accordance with the contract.	Delivery of contracted works	Providing performance data, quality data, findings and recommendations to RPCC

Activity	PNG Agencies (Employer)	Implementing Service Provider	Project Management and Supervision Consultancy (PMSC)	Civil Works Contractors	Technical Audit Consultant
Asset Maintenance Capacity Development	<p>DoW: programming, design, documentation, tendering, supervision, materials testing, contract administration.</p> <p>ABG DTS: subject to capacity take on planning, management role. Limited progress expected until late in TSSP2</p> <p>NRA – no asset maintenance delivery in initial stages</p> <p>Provincial and HQ technical and operational counterpart commitments, resources and staff.</p>	<p>Facilitates routine networking, development dialogue and coordination between ISP and PMSC adviser cohorts to foster program cohesion</p> <p>Assists DoW HQ to review and update standard specifications, road safety audits and procedures</p>	<p>PMSC contractual reporting to Employer.</p> <p>DoW: assistance and additional capacity as required in subject areas like cash flow management, planning, reporting and acquittal</p> <p>ABG DTS: full service provision by PMSC</p> <p>NRA – no asset maintenance delivery in initial stages</p>	N/A	Providing performance data, quality data, observations and recommendations to RPCC
Monitoring	<p>Oversight PMSC supervision of works through provincial staff .</p> <p>Monthly PWM reports on PMSC.</p> <p>Verify payments that have been certified by PMSC.</p> <p>Corporate reporting requirements</p> <p>Accountable to PNG</p>	<p>Monitoring and reporting of capacity development efforts, including monitoring of counterpart mentoring by PMSC</p>	<p>PMSC has prime responsibility to watch and supervise works</p> <p>PMSC contractual reporting to Employer of asset maintenance contracts.</p> <p>Reports to Employer on capacity development activities and achievements.</p>	Provides reports as required by Contract and Engineer	Undertaking technical and management audit of civil works delivery
Financial		<p>Oversights the in-agency trust account and verifies</p>	<p>Engineer certifies claims for payments for</p>	Submits claims	N/A

Activity	PNG Agencies (Employer)	Implementing Service Provider	Project Management and Supervision Consultancy (PMSC)	Civil Works Contractors	Technical Audit Consultant
Oversight	Government/AusAID for funding. Manages the in-agency trust account and makes payments for contracts as certified by PMSC and verified by ISP.	payments for contracts as certified by PMSC and verified by Employer Cash flow management between AusAID and trust accounts	contracts	according to contract	
Performance Review	<ul style="list-style-type: none"> • DoW, NRA and ABG corporate monitoring and reporting against plans. Report to Ministers, Board (NRA) BEC (ABG), TSCMIC and DNPM. • Independent Review Group report to PNG Government and AusAID on PNG Government agencies; ISP; PD, PMSC performance, strategic opportunities, research and innovation, specific diagnostics. • Technical Audit Consultancy reports and makes recommendations on quality control, work methods and overall impacts on outcomes • Financial audits of trust account. • Audits of procurement outcomes 				ISP ensures quality and timely contract implementation