

Evaluation and Review Series  
No. 35 July 2004

# Governance in PNG: A cluster evaluation of three public sector reform activities



**Australian Government**  
**AusAID**

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## ABBREVIATIONS

\$	Australian Dollar
ADB	Asian Development Bank
AMC	Australian Managing Contractor
ASF	Advisory Support Facility
AusAID	Australian Agency for International Development
CACC	Central Agency Coordinating Committee
CB	Capacity Building
CDI	Centre for Democratic Institutions, ANU, Canberra
CEO	Chief Executive Officer
CMS	Case Management System
DNPRD	Department of National Planning and Rural Development
DOF	Department of Finance
DPM	Department of Personnel Management
EPU	Economic Policy Unit, Treasury, GoPNG
FER	Functional Expenditure Review
FMG	Facility Management Group
FMIP	Financial Management Improvement Program
GBLP	Government Bodies Liaison Program
GoA	Government of Australia
GoPNG	Government of Papua New Guinea
IFI	International Financial Institution
IMF	International Monetary Fund
IS	Institutional Strengthening
ISP	Institutional Strengthening Project
MTDS	Medium Term Development Strategy
MTR	Mid-Term Review
OC	Ombudsman Commission
OCISP	Ombudsman Commission Institutional Strengthening Project
OLPLLG	Organic Law on Provincial and Local Level Governments
PATTS	PNG-Australia Treasury Twinning Scheme
PCR	Project Completion Report
PDD	Project Design Document

PERR	Public Expenditure Review and Rationalisation
PFMTP	Provincial Financial Management Training Program
PGK	Papua New Guinea Kina
PNG	Papua New Guinea
PSR	Public Sector Reform
PSRMU	Public Sector Reform Management Unit
PSPL	Public Service Program Loan
QAG	Quality Assurance Group
RISTAF	Review of Institutional Strengthening and Technical Assistance Facilities, November 2002
ROU	Record of Understanding
SAGRIC	SAGRIC International Pty Ltd
TA	Technical Assistance
TAF	Technical Assistance Facility
TAG	Technical Advisory Group
TOR	Terms Of Reference
WB	World Bank



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The evaluation was managed by AusAID's Program Evaluation Section. The task manager was Dr Philip Fradd.

The report was subject to review by anonymous external peers; within AusAID; by Treasury; and by the managing contractors of the Ombudsman Commission Institutional Strengthening Project and the Advisory Support Facility.

Many people generously gave their time to help the review. Most of those consulted are listed in Appendix 2. Any omissions are accidental and apologised for.

Except where indicated in the 'boxed comments' in the Executive Summary, the views expressed in this report are those of the evaluation team and should not be attributed to the Australian Agency for International Development.

# EXECUTIVE SUMMARY

## Overview

As part of a broader focus on improved accountability and learning, AusAID is improving its ability to measure the effectiveness of the Australian Aid Program to Papua New Guinea (PNG), including the quality of interventions in the governance and civil society sector.

AusAID commissioned an evaluation of three PNG governance activities: the Ombudsman Commission Institutional Strengthening Project (OCISP), the PNG-Australia Treasury Twinning Scheme (PATTS), and the PNG Advisory Support Facility (Phase I) (ASF). The costs of the three activities were around \$6 million, \$4 million, and \$30 million respectively.

The objective of the evaluation was to assess the relevance, efficiency, effectiveness, impact, and sustainability of benefits of the three activities.

### **This evaluation's findings and recent changes in the aid program to PNG and the Pacific**

This Report is presented in a changed context from that in which it was originally drafted. Australia's 'Enhanced Cooperation Package' to PNG, agreed in the second half of 2003, commits to a more robust engagement with PNG, including significant numbers of Australian specialists working within the PNG government system. The ECP has a particular focus on improved governance, a stronger performance in the central agencies, and more hands-on support for improved law and order. The ECP marks a significant change in the form of Australian aid delivery to PNG.

The evaluation was undertaken and the report drafted before the Ministerial level agreement on future cooperation between GoA and GoPNG was announced on 11 December 2003. While not originally prepared with the ECP in mind, some of the observations made in the Report are relevant.

In particular, the points made in this Executive Summary under the heading 'The ingredients of success' deserve careful consideration by AusAID and by agencies involved in the implementation of the package.

These findings are also relevant for aid work in the rest of the Pacific, most notably Solomon Islands where the Australian aid program has been significantly strengthened as part of the Regional Assistance Mission to the Solomon Islands.

AusAID June 2004

## The ingredients of success

In summary, the evaluation found that the OCISP was a success story with possibly high impact, albeit of uncertain magnitude, while the efficiency, effectiveness and impact of both the PATTS and the ASF were mixed at best. The key features that led to success seemed to be:

- **traditional aspects of development cooperation management**, such as
  - an effective design developed in consultation with the partner agency and tied to their own development of a corporate plan;
  - an effective monitoring and evaluation framework;
  - specific, clear and achievable objectives; and
  - a risk management strategy.

Although it was a ‘design and implement’ project of a type fairly new to AusAID at the time of its inception, the OCISP was managed in a relatively ‘traditional’ manner; both PATTS and ASF instead put less emphasis on quality control and up-front design, perhaps partly in a exchange for higher levels of management flexibility.

- identification of the right point for a **sustained, focused, targeted** intervention. Both PATTS and OCISP dealt with high priority points for an intervention (the ASF’s lack of a strategic approach was one of its problems), but only OCISP was successful in coordinating and focusing its resources sufficiently to bring about sustainable impacts.
- addressing core **management** issues rather than (or in addition to) the technical capacity issues of partners.
- use of a **team** rather than an individual based approach to Australian advisors. As it expanded, PATTS suffered though its lack of a team based approach. ASF was designed around flexible individual inputs and this could conceivably work under the right conditions, but the lack of a coordinated team contributed to the problems of delivering a focused strategic impact.

## International difficulties with public sector reform

Public sector reform (PSR) programs and activities in PNG over recent years have achieved variable or modest results that have been less than satisfactory. However, this is on par with international experience, which has been that progress in PSR is difficult in developing countries.

For example, the Operations Evaluation Department of the World Bank studied a sample of 124 civil service reform (CSR) loans approved over the 1980-97 period<sup>1</sup>. These activities were intended to correct bureaucratic dysfunction. The Bank identified three stylised forms, all of which are also present in PNG:

- endemic overstaffing with the commensurate unsustainable wage bills;
- a combination of inappropriate organisational structure, poor human resources and inadequate incentives. These lead to a weakened administrative capacity to carry out core government functions; and
- cumbersome CS rules, political interference and cultures of non-performance which strained the credibility and accountability of state institutions.

The World Bank review found that **only one third of closed CSR interventions and slightly more ongoing efforts had achieved satisfactory outcomes**. The main factors that undermined the CSR activities were:

- the poor quality of information on CSR performance;
- the limited role afforded to strategic management and cultural change;
- the absence of coordination arrangements (among government bodies) and checks and balances on arbitrary action; and
- a failure to appreciate key contextual constraints.

The conclusions were that CSR activities had been largely ineffective in achieving sustainable result in downsizing, capacity building and institutional reform. Changes were recommended to Bank practice, but activities since have shown that it is still a difficult sector in which to achieve positive results. The multiple actors and interests and their relationships, which dictate performance, make reliable success in capacity building elusive at best.

The difficulties of the Australian aid program in promoting public sector reform in PNG to date, in aid projects such as those covered by this evaluation, should be seen in the light of the difficulties experienced by the broader development community. Further, appropriate recognition should be given to consideration of **cultural issues** in PNG, which affect the prospects for effective reform of the public sector. In few countries is the contrast between expectations about administrative performance (based on a Western governance and administrative structure) and prevailing cultural and societal norms more apparent. Any intervention from outside inevitably faces a major challenge in reconciling this disparity in a practical way. Development success in PSR in the future will require aid authorities and aid workers to identify and seize opportunities for a greater degree of local ownership, involvement and collaboration, in a highly focused and contextually aware manner. However, PSR is unlikely to be successful and sustainable in PNG unless it is clearly sought by the community and supported in a concerted way by PNG politicians, officials and citizens.

1 Operations Evaluation Department (8/4/1999) *Civil Service Reform: a Review of World Bank Assistance. Sector Study Number 19599.*

## Detailed activity assessments

### OMBUDSMAN COMMISSION INSTITUTIONAL STRENGTHENING PROJECT

The Ombudsman Commission in PNG investigates alleged wrong conduct or discriminatory practices of government agencies and also administers the Leadership Code<sup>2</sup>.

The goal of the OCISP was 'to improve governance in PNG ... ensuring that leaders and government bodies perform in a manner that is open, transparent, accountable, equitable and responsive to people's needs and aspirations.' Its aim was 'to improve the work practices of the OC to enable it to effectively discharge its role, purposes and functions'.

The project was implemented between November 1997 and September 2002 at a cost of approximately \$5.95 million dollars to the Government of Australia (GoA) and \$0.55 million to the Government of PNG (GoPNG).

The OCISP was a 'design and implement' project, which commenced with the preparation of a comprehensive Project Design Document (PDD) and a five-year Strategic/Corporate Plan for the OC. Embedded in the project design were clear, specific and practical targets:

- development of a five year Strategic Plan;
- a functional organisational structure;
- an adequate case management system;
- an appropriate work planning and monitoring system;
- improved internal communications;
- improved budgeting and expenditure controls;
- OC staff trained and skilled in their work;
- an adequate public awareness program; development of close working relations between the OC and similar institutions; and
- effective use of information technology by the Commission. Activities were designed to achieve these objectives, and placed in a logical framework.

The evaluation team found the objectives of the activity to be appropriate and relevant to the needs of the country and to Australia's 'good governance' objectives for the Aid Program.

2 See the Constitution of the Independent State of Papua New Guinea, Part III Basic Principles of Government, Division 2 Leadership Code.

While an extension of the project from three to five years was required, the evaluation team confirmed others' views that the project had been managed in a professional manner and that it had achieved its objectives with, among other things, substantial increases in productivity (estimated at 30–50% by the project team) and effectiveness in detecting corruption, as well as improvements in public awareness and assistance to other government bodies in resolving complaints from dissatisfied members of the public.

The reasons for success included:

- the involvement of OC management throughout design and implementation, and its support and ownership of the project;
- a professional approach by the project team, which had highly regarded leadership and the capacity to mentor national counterparts in a culturally and sensitive way; and
- a good design.

Undertaking corporate planning as a parallel activity to the project design assisted the OC management and staff to identify and clearly articulate the needs of the organisation, and to determine appropriate strategies to address these needs.

The significant efficiency gains achieved during the project have been maintained since. There are concerns because the case management system was not designed for Leadership cases, but overall improvements in capacity and training of staff improved management of these cases too. To mid-2003, 67 leaders had been referred for prosecution<sup>3</sup>.

The evaluation team considered sustainability was possible, but fragile. The OC has continued development of processes such as the Government Body Liaison Program, and it has revised its 'Ombudsplan'. However, there were some signs of weakness eg. delays in producing the latest Annual Reports (although it is one of the few bodies that produces these reports at all), concerns about the capacity of computer hardware and software to continue meeting needs, a significant reduction in training, and some staffing issues<sup>4</sup> etc.

For several years the OC has won increases in budget, against the tide of reductions in other agencies. A reversal of this trend would have adverse consequences. However, the OC's likely additional support under AusAID's new Law and Justice Program should be beneficial.

3 At that time thirty four of those charged had been found guilty and were either dismissed, fined or their appointments revoked, 21 resigned after the appointment of the Tribunal, or for other reasons could not be prosecuted under the Leadership Code, 6 cases were pending and 6 were found not guilty.

4 eg. The suspension of performance pay for middle and senior level staff and security concerns.

The impact of the project is uncertain. The increasing number of complaints handled by the OC shows that PNG citizens are becoming more aware that they have an avenue to complain about inadequate public services, and the OC is effectively processing and responding to these complaints. Whether the OC, including through its Government Body Liaison Program, is successfully encouraging government agencies to 'lift their game' is not yet clear. Similarly, while the OC identifies and takes action against corrupt leaders under the Leadership Code, it is not known if this is deterring other leaders from becoming involved in corrupt activities. However, the OC is 'sending the right signals' on governance.

### **PNG – AUSTRALIA TREASURY TWINNING SCHEME**

PATTS commenced as a direct 'twinning' arrangement between Treasury in Australia and Treasury in PNG. Its genesis was a discussion between PNG Prime Minister Sir Mekere Morauta and the Australian Treasurer, the Hon. Peter Costello, in mid-1999. The direct 'twinning' arrangement between the two treasuries is supported by a Record of Understanding (ROU) between the Australian Department of Treasury and AusAID.

The activity has expanded to encompass broader (but not all) economic and financial reform small-scale advisory activities in PNG funded by AusAID, some of which did not fall under the 'twinning' agreement but were managed under ASF-type arrangements. The term PATTS therefore has a narrower, and a broader, dual usage. Total expenditure on the whole program of activities was approximately \$4 million to the end of the 2002-03 financial year, with approvals for additional expenditure of another \$2 million.

The activity is being implemented in a crowded environment in which the major International Financial Institutions: World Bank, IMF and the Asian Development Bank, are providing substantial technical and financial assistance in this sector. There have been some linkages between activities under PATTS and other assistance activities.

The formal objectives of PATTS, under the twinning agreement, are 'to strengthen the economic policy capacity of PNG staff; to strengthen PNG's budgetary systems; to provide advisory support to key agencies to promote change, sustainability and skill transfer to counterparts; and to provide high level economic advice to the Prime Minister and Treasurer as a means to assist PNG with the general economic policy reform process.'

There is no formal design document (nor accompanying documents such as a risk assessment/strategy, a monitoring and evaluation plan, annual plans etc). The Australian Treasury's 'Review of Strategic Priorities' (2002) and Schedule 1 of the ROU (2002) provide some basic design information for the institutional twinning activities, but there is no overview statement or full picture of all the activities being undertaken under PATTS however defined, nor of monitoring and evaluation arrangements.

Until recently, senior Australian Treasury officials do not appear to have made visits to PNG under PATTS. As the activity expanded, advisers were engaged through the ASF to undertake activities for which Australian Treasury could not provide resources. The expansion posed some challenges of cooperation and coordination, particularly as the number of advisers under ASF arrangements in this area grew.

As PATTS changed from a narrow to a broader coverage, AusAID engaged an independent consultant as Special Adviser on Economic and Financial Management, from January 2002 to July 2003 to assist with coordination, monitoring and management, and to provide high level advice to AusAID on emerging issues. This initiative brought more structure and some monitoring to the program. However, while there were monthly and other progress reports on an individual placement basis, there was no integrated analysis and little strategic reporting, at least in writing.

When the evaluation team looked at achievement of activity objectives, it was clear that the broad objectives expressed above had **not** been (and could not reasonably have been expected to have been) achieved.

The Treasury Review of Strategic Priorities (2002) identified four priorities for assistance to the PNG Treasury: macro-economic forecasting and linkages, the Budget preparation processes, cash flow estimation processes and management of PNG's debt portfolio. Secondary priorities identified were revenue collection and economic statistics. These six areas are in effect 'intermediate' objectives.

The evaluation team noted that while some of the intermediate objectives, such as macro-economic forecasting had been pursued steadily with evident commitment, others had not been pursued as actively. Interestingly, the secondary areas attracted considerable support. (The full report also shows that some of these interventions had the potential to make a substantial individual impact.)



## Differing views on the benefits of PATTS

It was put to the Evaluation team by both AusAID and (Australian) Treasury that this report does not adequately take into account the difficult environment that PATTS was working in; and that it does not adequately recognise some significant benefits delivered by PATTS. The Evaluation team carefully considered this point of view and made some amendments to the report but maintained the essential argument that, particularly when considered in the light of its own costs and achievements rather than as an experiment or pilot, PATTS has suffered from a relatively unstructured and non-strategic approach; and that, perhaps because of that approach, there is little evidence of sustainable benefits.

However, the arguments for the benefits of PATTS deserve to be recorded, particularly in the light of events since the evaluation's field visit.

Comment from AusAID's PNG Branch:

"(PATTS) provided access to a key agency and timely insight to the state of the PNG economy, the debt position of the government and the capacity (or lack of) of the PNG central agencies to manage the economy."

"The development of PATTS should be seen as the first step in the engagement by Australian central agencies with their PNG counterparts... PATTS has been instrumental in providing a platform for the economic/public sector reform stream under the Enhanced Cooperation Program."

Comment from Treasury's Pacific and Assistance Division:

"The modest twinning (ie direct Treasury participation) program expenditures have had satisfactory outcomes. In particular, besides meeting urgent needs and providing a general strengthening of capacity, the twinning program has been effective in building relationships and has provided Treasury with a familiarity with the workings and weaknesses of PNG's economic agencies."

"The twinning program does not require the sort of annual plans suggested in the draft evaluation, e.g. the inclusion of intermediate goals etc. The twinning program was not intended to manage PNG's reform program. The plan drawn up by Treasury sets out priority areas of co-operation on PNG's reform program. Under these priority areas, the Treasury responds to opportunities, either as a result of a GoPNG request or as identified by Treasury's own research, observations and discussions with PNG Treasury/Finance, to increase capacity within key economic agencies. This does not equate to an ad-hoc approach"

"We reject the suggestion that PATTS was aimed at the strategic management level but failed. We would argue the twinning program was pitched at the technical level and made good, if modest, gains. For example, the twinning program has led to improvements in macroeconomic and revenue forecasting, and revenue policy capacity, and has contributed to superannuation reforms, and the tariff reform review. It also enabled the transfer of the management of public debt instruments from the Bank of PNG to the PNG Department of Finance. Through the pre-existence of PATTS, Treasury was also able to rapidly assemble a team in response to a request from PNG to assist in preparing a brief (the Medium Term Fiscal Strategy) on PNG's grave budgetary and macro-economic situation for the incoming Somare Government in mid-2002. Moreover, since its inception the program has assisted in developing every budget."

While recognising the value of some of these points, the Evaluation Team stands by its criticism of aspects of PATTS, based on the evidence in front of it at the time of evaluation, as set out below and in more detail in later parts of this report.

While the PATTS activities were generally well regarded by PNG officials and participants, there was little data on which to base an assessment of the cumulative effect of the individual placements against overall objectives, and the significance of outcomes in an overall sense. The evaluation team noted that PERR documents point to continuing substantial difficulties and challenges in PNG in virtually all of the areas covered by the stated objectives.

This is not to imply that worthwhile professional contributions have not been made, and individual advisers interviewed by the evaluation team have approached their tasks with enthusiasm and commitment. There is also the view that this activity has improved access and under-pinned sound working relationships with local authorities, which will be invaluable in future engagement between Australia and the core financial agencies.

However, the evaluation team concluded that the impact of the activity has been modest to date. It has been partly diagnostic in nature, partly capacity building and partly to provide urgent short term assistance in agreed areas, and as such had not created the conditions for high impact and sustainability. The essential architecture which assisted the OCISP to be relatively successful was not present, and diligent monitoring absent. It progressed in a confused environment, with little ownership or strategic direction or coherence.

While these conclusions may be regarded overall as disappointing, a good base of access, knowledge and context for future cooperation has been established, and better outcomes should be possible in the future if the problems identified by the evaluation team are addressed and dealt with.

## **ADVISORY SUPPORT FACILITY PHASE I**

Technical Assistance Facilities may be supported by aid donors (and partner governments) where there is a need for a flexible mechanism to provide **targeted** advisory and training support to improve service delivery, strengthen planning or similar activities in recipient government agencies. The ASF was this type of activity. During its period of operation the capacity of PNG government agencies to employ 'expert' assistance through their own mechanisms declined, due to budgetary stringency.

The stated goal of the Advisory Support Facility Phase I was 'to improve the quality of service delivery provided by PNG government agencies'. The purpose was 'to raise the level of expertise within government to formulate and implement Government programs, to deliver government services and to facilitate the release of key staff for training'. It was to do this by providing specialist short and longer term advisory support.

The evaluation team was concerned about aspects of the ASF design and implementation. They noted that there were delays in start-up, with several changes of the Australian Management Contractor (AMC) over the first two years of the activity. While the evaluation team could not locate a copy of the final 1997 Project Design Document, the mid-Term Review reported that it lacked a proper Logframe, performance indicators, risk assessment and an M&E framework. Important issues, including sustainability, gender equity and poverty alleviation, were also not discussed. Belated attempts were made to correct some of these shortcomings, but the evaluation team concluded that AusAID's normal quality control processes for project design were not applied fully.

The Australian Managing Contractor (AMC) for the ASF set up an office in Port Moresby. It advertised its services to government agencies, and worked with agencies requesting assistance to develop proposals for short to medium-term advisory support, which were then considered, and usually approved, by a Facility Management Groups (FMG) with membership from AusAID and the PNG government. The AMC's office in Adelaide then searched for, and contracted, a suitable consultant to fill the position. The AMC assisted the consultant to move to PNG, find suitable accommodation and transport, and it provided security and life style briefing and other support services.

The consultant developed terms of reference for his/her placement with the requesting agency and implemented these over a placement of (usually) two to three years. The intent was that the assistance would be advice and training, not performing the work of line staff. Reports were meant to be provided to the in-country ASF office at regular intervals and at program completion.

Over the course of ASF Phase I there were 116 advisers in 47 agencies. Thirty five of these placements were direct specialist appointments initiated by AusAID, rather than through the identification and contracting procedures outlined above. Most commonly for direct appointments, the ASF was tasked to appoint a specific consultant identified by and agreed between AusAID and GoPNG.

Expenditure under Phase I of the ASF, between December 1996 and Phase I completion at the end of March 2003, was in the order of \$30 million.

With respect to the achievement of objectives, the evaluation team concluded that the broad and ambitious nature of the ASF were not realistic or specific enough to guide an effective approach for placements. The objectives included reference to improved service delivery but there was no discussion of how this was to be pursued. There was an initial scattergun approach to 'standard placements', and confusion continued over whether placements should be consistent with, or independent of, other aid objectives.

The 'direct' placements, which responded to the needs of GoPNG and AusAID Post, lacked transparency and the roles and responsibilities of the AMC, FMG and AusAID in those placements were not clear.

Almost all consultants considered that the ASF AMC had been an efficient administrator, and of great service in establishing them in PNG and helping them adapt to local conditions. While there was some 'professional' support from the AMC this was not highly valued by advisers.

The evaluation team formed the view that ASF I largely achieved the specific objectives of placements and has provided a standard of outputs that are well regarded by the stakeholder agencies. However, initial objectives of placements were usually overly ambitious, with many having to be scaled back or an extension sought. Much of the credit for the achievements rests with individual advisers, who were professional, enthusiastic and committed.

While individual placements can achieve their objectives, they usually do so without other inputs necessary for the sustainability of benefits. The greater the dependencies, or reliance on external actors, to realise the ultimate objectives of a placement, the less likely is sustainability. Similarly, the shorter term a placement is, the less likely it is to have sustainable outcomes. Also, the receptiveness/support of the agency and the seniority and availability of advisory counterparts affect the likely sustainability of the outcomes.

In addition, the **collective impact** of the placements was uncertain. The range of activities was diverse, and the linkages with overall Facility and aid objectives were not clear.

An opportunity to learn from the experience of consultants on placements was also missed. The progress and final reports from advisers varied greatly in length, depth and analysis, but they often contained insights into the agencies assisted and the challenges faced and often overcome. While reports were received and stored by the AMC in its database, there was little study, analysis, and extraction of lessons to assist future advisers.

The evaluation team concluded that the impact of ASF Phase I was likely to be modest. There were some significant successes of individual placements<sup>5</sup>, but these were often outside the strategic objectives of the aid program, with no opportunity for reinforcement.

5 For example: one placement identified the potential hazards associated with the incorrect use of mercury during gold extraction. Projects in the Fresh Produce Development Company, Cocoa and Coconut Research Institute, Cocoa and Coconut Extension Agency and the Rural Development Bank were all claimed to have provided the agencies with the systems and skills to provide rural communities with a source of income.

The evaluation team briefly looked at the development of the ASF Phase II, which commenced in April 2003. Significant lessons had been learned from Phase I. The PDD went through a difficult gestation, and is a vast improvement over Phase I, with provision for a more strategic approach (with a focus on PSR), an improved M&E framework, better risk management, and discussion of other important issues. At the time of writing there were still difficult issues to be addressed. The full report discusses some of these.

## LESSONS

Specific lessons identified for each activity are set out under the respective headings in the main report. A number of general lessons were also identified in the following areas:

- A strategic framework is needed for identification, direction and prioritising of assistance.
- Design remains essential – with clear objectives, good risk and sustainability strategies, comprehensive monitoring frameworks, and an explicit link to poverty reduction.
- Attention to the implementation environment can make or break an intervention.
- Technical Assistance Facilities have a role as an employment and support mechanism.
- Addressing partners' quality of management is often more important than further improving their policy and technical capacity.

More details are in the full report. The key issues mentioned above are critically inter-linked. Public sector/economic/financial reform activities must be strategically developed, properly targeted and prioritised, and implemented in a way which strengthens the overall capacity and performance of PNG institutions in support of government priorities, not just improving specific technical performance.

# 1 INTRODUCTION

PNG has received extensive assistance from Australia, initially as budget support and now as program support, but it still faces serious development challenges. The AusAID publication, *The contribution of Australia's aid to Papua New Guinea's development – 1975–2000*<sup>6</sup> discusses these at some length.

The foreword to the publication states “as part of a broader focus on improved learning and accountability, AusAID is taking steps to improve our ability to measure the effectiveness of the aid program to PNG” and “we will undertake a significant evaluation of Australian aid in the governance and civil society sector, and will continue work to improve the quality of the data”. This document is the report of that evaluation: an evaluation of a cluster of three technical assistance (TA) activities in the governance sector in PNG.

The evaluation is intended in part to answer the questions “what worked, what didn't and why?” It will inform AusAID management, programming and policy decisions and will also assist in determining whether the Australian Government has received value for money expended on development cooperation with PNG.

Two of the activities evaluated are ‘public sector reform’ activities. The third is a Technical Assistance Facility (TAF) which, particularly in its second phase, is being used to facilitate specific activities in public sector reform.

The evaluation team undertook a preparatory desk study in Canberra and visited Port Moresby. A wide range of interviews and discussions was undertaken and relevant documents reviewed. The cooperation of other parties, particularly PNG counterparts, AusAID Post officers and ASF advisers, was helpful and was much appreciated by the team. Subsequently, reports were drafted and views and comments sought, leading to this final report by the evaluation team.

6 Economic Insights Pty Ltd (2003) *The contribution of Australia's aid to Papua New Guinea's development–1975–2000* Evaluation and Review Series No.34. Prepared for AusAID's Office of Review and Evaluation. Available on AusAID's website at [www.ausaid.gov.au](http://www.ausaid.gov.au).

## 1.1 Objectives of the evaluation

The objectives of the evaluation were to:

- Assess the relevance, efficiency, effectiveness, impact and sustainability of the three activities.

One of the key outputs was to be lessons learned about effective methods to design and implement public sector reform activities in PNG.

The Terms of Reference (TOR) for the evaluation are at Appendix 1.

## 1.2 Evaluation method

A three member, expert, independent, external evaluation team, contracted by AusAID, implemented the evaluation. Membership of the evaluation team is included in Appendix 1.

The evaluation was managed by an officer from AusAID's Office of Review and Evaluation, with support from AusAID's PNG Branch and the Australian High Commission in Port Moresby. A Peer Review Group (PRG), with members from within and outside AusAID commented on the evaluation drafts. However, the views expressed in this report are those of the authors.

The evaluation process commenced with the evaluation team members spending a week in Canberra reviewing documents, and discussing the activities with relevant AusAID staff members and senior personnel of the Australian Managing Contractors (AMC) in Australia (by telephone). During this week, the evaluation team prepared a work plan for the field review component of the evaluation. The evaluation team also reviewed various internal and published papers dealing with contemporary issues in the form and nature of technical assistance (see discussion at 1.4 below).

The field review was held in Port Moresby from 14 July to 1 August 2003. The evaluation team members reviewed further documents on the activities, and consulted widely with Government of PNG (GoPNG) representatives from agencies which had participated in the activities eg. Ombudsman Commission, or otherwise had an interest, AusAID staff at the Australian High Commission, Australian advisors with the Advisory Support Facility (ASF) and PNG-Australia Treasury Twinning Scheme (PATTS), and the in-country AMC for ASF Phase I and II (see Appendix 2 for a complete list of appointments).

The evaluation team noted an earlier cluster evaluation of PNG Institutional Development Projects (IDP) supported by AusAID in 1998, covering the PNG Tax Office IDP, the Bureau of Customs IDP, and the Community Teachers' College Lecturers' Professional Development Program<sup>7</sup>.

<sup>7</sup> AusAID, *PNG cluster evaluation of three Institutional Strengthening Projects*, Evaluation No. 3, May 1998

The evaluation team presented an *aide memoire* to representatives of GoPNG and AusAID at a wrap-up meeting in Port Moresby, and later submitted a draft report to AusAID in Canberra for Peer Review. A revised draft report was distributed widely to interested parties in Australia and PNG for comment, and the final draft report was submitted to AusAID in December 2003.

The evaluation team took into account the project quality standards of AusGUIDE<sup>8</sup> and has used key elements of these standards to help structure the coverage and content of this report. The evaluation team noted that these standards are, in many places, drafted to focus on engineering and infrastructure projects, rather than on less tangible governance activities.

## **1.3 Background to the activities evaluated**

### **1.3.1 PUBLIC SECTOR REFORM (PSR) ASPECTS**

The evaluation considered GoPNG Public Sector Reform (PSR) activities in recent years, to establish the context in which all three of the above activities were, and are being, implemented. In brief, the PNG PSR Program has varied over time and, according to most commentators, has had limited success. There is a new, comprehensive strategy which will be linked with the PNG Medium Term Development Strategy (MTDS). This is discussed in more detail in Chapter 2. AusAID support for PSR activities has included assistance to the Ombudsman Commission, the Public Sector Reform Management Unit (PSRMU) and to the Central Agency Coordinating Committee (CACC), and a range of assistance activities under PATTs and ASF. This evaluation recognises that there is wide scope for AusAID to offer additional assistance in the future, consistent with the new Strategic Plan for PSR.

### **1.3.2 OMBUDSMAN COMMISSION INSTITUTIONAL STRENGTHENING PROJECT (OCISP)**

The OCISP is one of a series of projects intended to strengthen law and justice institutions in PNG. Its goal was “to improve governance in PNG through a more effective contribution by the OC in ensuring that leaders and government bodies perform in a manner that is open, transparent, accountable, equitable and responsive to people’s needs and aspirations”.

The specific objective was “to improve the work practices of the OC and the organisational vehicle which carries them, to enable it to effectively discharge its role, purposes and functions”.

8 AusGUIDE, AusGUIDElines, Part 12 Project Quality Standards.



The project was a 'design and implement' activity, with the preparation of a Strategic Plan for the OC and project design commencing in November 1997 and with project implementation commencing in May 1998. AusAID agreed to a project redesign and extension in November 1999. The revised Project Design Document (PDD) was approved in March 2000, with an extension of eighteen months in September 2000 and a later further extension. The project was completed in September 2002<sup>9</sup>.

The Managing Contractor was Educo Pty Ltd.

The total Australian expenditure was \$5,735,313<sup>10</sup> with a GoPNG contribution of \$553,123.

### 1.3.3 PNG-AUSTRALIA TREASURY TWINNING SCHEME (PATS)

The stated objectives of the 'twinning' component of PATTS are "to strengthen the economic policy capacity of PNG Treasury staff; to strengthen PNG's budgetary systems; to provide advisory support to key agencies to promote corporate change, sustainability and skills transfer to counterparts; and to provide high level economic advice to the Prime Minister and Treasurer as a means to assist PNG with the general economic policy reform process."<sup>11</sup>

The activity commenced in early 1999 and current arrangements extend to December 2003. Total expenditure to 30 June 2003 was \$4,026,233, and the total approved for expenditure is about \$6.0 million.<sup>12</sup>

The (Australian) Commonwealth Treasury is implementing the 'twinning' part of the activity, but does not provide or manage all of the staff resources required for AusAID's support of economic and financial reform activities. Other advisers provided under the scheme are recruited and/or supported by the ASF.

### 1.3.4 ADVISORY SUPPORT FACILITY (ASF)

The goal of ASF Phase I was essentially to improve the quality of service delivery provided by PNG government agencies. It was to do this by raising the level of policy and implementation expertise within government agencies through the provision of short and longer term advisory support.

The total Australian contribution under ASF I was about \$30 million. Precise figures vary depending on some detailed points of coverage, which are reviewed later in this report. Approved expenditure for ASF II is \$30 million.

9 PNG Ombudsman Institutional Strengthening Project-Project Completion Report, July 2002.

10 As recorded by the Contractor. The total expenditure recorded on AusAID's AMS was \$5.946 million, which included other AusAID costs. Source: AMS

11 ROU documentation.

12 AusAID advice.

This activity commenced in December 1996 and interim management arrangements applied until 1998. SAGRIC was contracted to manage the project from April 1998, on an interim basis, and then under a three-year contract from December 1998, with several extensions after that date. A Mid-Term Review (MTR) reported in March 2001, and ASF Phase 1 was completed in March 2003. A second phase was established, ASF Phase II, commencing in April 2003 with SAGRIC as the Managing Contractor. The principal application of ASF II is to facilitate public sector reform.

## 1.4 International Views on Technical Assistance issues

The evaluation team noted during its desk study that there is a growing debate about the efficacy of Technical Assistance (TA) in international aid. Much of this debate has centred on the apparent poor performance of TA, the difficulty of achieving sustainable results and the inherent conflicts in many TA activities, including a frequent supply-side emphasis. In view of the potential relevance of these views to the evaluation, some background is presented here.

One major review brought to the attention of the evaluation team is an article by Peter Morgan<sup>13</sup> of Canada. Morgan notes that many development problems are deeply systemic and inevitably take a long time to address; approaches to address good governance or poverty reduction are complex and based on 'contested theories'. Morgan suggests a balanced perspective and observes "TA is simply one of the many influences that determine the overall effectiveness of the activity ... The TA itself can be well-designed and managed, but end up submerged under the weight of broader organisational, economic, financial and political constraints." He points out that in many instances there has been an erosion of local ownership and commitment and a lack of sustainable impact. Morgan notes that many countries lack the capability to manage and absorb TA, and are unable to build ongoing capacity to manage change. He concludes that country ownership and motivation remain the single greatest determinants of TA effectiveness.

However, Morgan's key point is that a new mental model of TA is required, one more concerned with local ownership and collaboration, and the application of a learning-performance cycle. Morgan noted in this context that timing and sequencing are critical and that effective TA depends on a sound approach to change management. The evaluation team found this article an insightful review of current issues with TA, relevant to the circumstances of PNG.

13 Peter Morgan, *Technical Assistance: Correcting the Precedents*, Policy Development Journal, 2002

Another major reference document in this field is the World Bank Task Force Report on reform activities in Low-Income Countries under Stress (LICUS)<sup>14</sup>. This review notes that in these countries the full array of enabling conditions are usually absent, and there is consequently a need for a deeper understanding of the social and political economic factors that affect performance. Strategic capacity building using a mix of innovative approaches and transfer of skills and knowledge are also highlighted. More detailed suggestions include the use of twinning arrangements and ‘training of trainers’.

## 1.5 AusAID Reviews of Technical Assistance Facilities

Technical Assistance Facilities such as ASF are important examples of TA provided by AusAID. AusAID has been involved in supporting Technical Assistance Facilities in a wide range of recipient countries. AusGUIDELINE 15<sup>15</sup> addresses issues in preparing a Technical Assistance Facility. A TAF is defined by AusGUIDELINE 15 as:

*“a model or mechanism for aid delivery developed to respond in a flexible way to a variety of normally small-scale, short-term needs for technical assistance, training, study tours or work attachments. Typically, meeting these small, strategic requests is not amenable to a project mode of delivery that favours larger interventions with usually long lead times to implementation”.*

A major consultancy review of these Facilities was undertaken for AusAID in 2002, resulting in a report entitled *Review of Institutional Strengthening and Technical Assistance Facilities (RISTAF), November 2002*. This review noted that such activities were extensive and the range of achievements was impressive; good results had been achieved in specific circumstances. However, there were questions of ‘value for money’ and, notwithstanding considerable effort, “TAFs cannot normally address the range of factors that are needed to ensure effective and long term institutional strengthening”.

The report concluded–

“Performance information systems are not well developed, and there is no well-established tradition of regular ex-post independent evaluation. It is, therefore, critical that AusAID implement three key strands of activity:

- improve internal knowledge management so that institutional strengthening designs can be improved, objectives be made more realistic and the basis for effective work better laid;

14 World Bank Work Group on Low Income Countries under Stress, Task Force Report, September 2002

15 AusAID, AusGUIDELINE 15, “Preparing a Technical Assistance Facility”.

- insist on a real performance information framework being established in every intervention at the outset, with projects being paused until such arrangements are in place, as they are critical to evaluation and for demonstrating value for money; and
- a regular program of independent ex-post evaluation of projects and activities within TAFs needs to be put in place.”

The report made 12 formal recommendations, which are set out at Appendix 3. These suggest greater recognition to the development context; more attention to progressive engagement; better assessment of local capabilities and resources; better collaboration and engagement with the host country authorities; more realistic expectations; more attention to skills transfer; the greater use of performance information frameworks and evaluation mechanisms; and improved knowledge management internally in AusAID.

This consultancy review was extended by an AusAID in-house review *Technical Assistance Facilities—A Discussion Paper* (prepared by ORE, February 2003). This internal review is a comprehensive general reference document and identifies a wide range of issues and problems with TAFs generally.

The evaluation team reviewed these documents and took them into account in the evaluation of the specified projects. The team noted that many of the findings and recommendations of RISTAF were relevant to its evaluation of PATTS and ASF.

## 1.6 Strategy and Collaboration

Issues relating to ‘strategy’ and ‘collaboration’ were found to arise throughout this evaluation and some introductory comments will help set the scene for later detailed comments.

Strategic considerations have come to play an increasingly important role in Australian aid activities. The single strategic objective established for Australian aid<sup>16</sup> is –

- *‘To advance Australia’s national interest by assisting developing countries to reduce poverty and achieve sustainable development’*

16 *Australian Aid—Investing in Growth, Stability and Prosperity*, Eleventh Statement to Parliament on Australia’s Development Cooperation Program, September 2002.

This objective is supported by a poverty reduction framework and five guiding themes to link with individual aid activities – governance; globalisation; human capital; security and sustainable resource management. Governance has increased as a proportion of the overall aid program from 9% in 1996/97 to 23% in 2000/01; over this period expenditure on governance activities has risen to \$355 million, more than doubling the earlier level. At the same time a detailed strategy process has been introduced for all major partner countries. Economic reform and governance are identified as the priority for assistance to the Pacific.

This strategic approach is still working its way through the system and a challenge remains in ensuring that specific projects and activities are linked more effectively with broader strategic objectives. Very broad objectives can potentially cover an enormous range of activities or, to put it differently, almost any specific TA proposal can claim some degree of linkage with broad strategic objectives. Clearly, a rigorous approach to prioritisation is needed, but is commonly absent. This is true for PNG generally, and for projects such as PATTS and ASF under review in this evaluation.

As will be discussed in this report, there are important gaps in the application of a more strategic approach to particular activities. While broad strategic objectives are commonly stated, intermediate objectives, which help ensure effective pathways to the identification and implementation of specific activities, are missing or are not well designed and/or monitored. The relevance and significance of specific proposals are often not addressed as closely as is necessary.

At the same time, collaboration with local authorities to generate engagement and create local ownership and involvement has not always been wholly effective and, where this is the case, confusion about strategies and priorities may arise, with the risk that project activities may run ‘off track’ and not contribute to higher level objectives as intended. These issues arise in this evaluation, particularly for PATTS and ASF, and will need more attention in the future.

## 2 PSR IN CONTEXT

One of the most significant issues for PNG is the need for reform of the public sector to ensure that the community is well served by effective institutions, sound public policy and improved public sector management. Public sector reform (PSR) and improving public sector management to ensure access to affordable, efficient, effective and accountable public services, are frequently identified as key priorities for the Government of PNG.

Consistent with AusAID documentation, public sector reform activities are defined in this evaluation as those which:

- support effective economic management and policies that encourage the private sector; and
- build public sector capacity to deliver essential services.

Interest in this area is not new. It has a considerable history, which is not particularly positive, in PNG or internationally.

For example, the World Bank's Operations Evaluation Department studied a sample of 124 'civil service' reform (CSR) loans approved in 32 client countries over the 1980-97 period<sup>17</sup>.

The loan-funded CSR activities were intended to correct the 'bureaucratic dysfunction that undermined the ability of governments to secure the fundamentals of adjustment and development.' The Bank had diagnosed three stylised form of dysfunction:

- 'endemic overstaffing accompanied by unsustainable *wage bills*.'
- 'a combination of misaligned organizational structures, poor human resources, and inadequate incentives (which) weakened administrative *capacity* to carry out core government functions.'
- 'the *credibility and accountability* of state institutions (which) strained under the weight of cumbersome CS rules, political interference, and cultures of non-performance.'

The review found that only 33 per cent of closed CSR interventions and 38 percent of ongoing efforts achieved satisfactory outcomes.

The four factors that undermined the efficacy of the CSR activities were<sup>18</sup>:

- 'the poor quality of information on CSR performance.'
- 'the limited role afforded to strategic management and cultural change.'

17 Operations Evaluation Department (8/4/1999) *Civil Service Reform: a Review of World Bank Assistance. Sector Study Number 19599.*

18 These factors are discussed more thoroughly in the report.

- ‘the absence of coordination arrangements and checks and balances on arbitrary action.’
- ‘a failure to appreciate key contextual (including labour market and institutional) constraints.’

The conclusions to the review were that CSR activities had been largely ineffective in achieving sustainable results in downsizing, capacity building, and institutional reform. There were ‘significant political difficulties in implementing CSRs and ... the relevance and ownership of reforms were also weakened by a technocratic approach that failed to mainstream institutional analysis and develop a coherent framework for intervening in administrative systems.’

The review included recommendations for improvements in Bank CSR activities. These included:

- Interventions should be classified by their primary objective: downsizing, capacity building, or institutional reform, and standardised performance indicators be developed for each class.
- ‘Future CSR operations should systematically link capacity building interventions to job descriptions and monitorable performance of civil servants and their respective units.’
- ‘Interventions should be preceded by institutional assessments of administrative systems and analyses of labour market trends in addition to budget scenarios.’
- ‘Interventions should be designed as stand-alone projects and ... allow(ed) adequate time for implementation. ... Participatory processes (should be used to) nurture reform constituencies in government, the private sector, and civil society.’

The report demonstrates the broad scale of ‘bureaucratic dysfunctions’ and the difficulties involved in public sector reform. It is not surprising that successes in this sector in PNG, which exhibits all three forms of bureaucratic dysfunction, have been slow in coming.

An informative and frank paper reviewing PSR issues in PNG over the period 1975-2000<sup>19</sup> makes the following points:

- The ‘first phase of reform’ involved ‘tinkering’ with inherited structures and processes, with localisation being a major issue.
- Between 1985 and 1994 the financial position worsened and the World Bank became involved in a transformation activity, including measures such as privatisation and downsizing, which ‘promised much and delivered little’. A ‘creeping crisis’ of public sector management began.

19 Turner, M. & Kavanamur, D. (2001) *Policy for Public Sector Reform in PNG, 1975-2000*. (To be published.)

- After 1995, the environment became more turbulent and loan conditionalities were used by IFIs to promote desired reforms, but did not achieve the desired outcomes. ‘Good governance’ became a new catch-phrase.
- Subsequently, many initiatives have been commenced but have not been implemented satisfactorily. Change is not welcomed or supported.
- There has been a lack of high-level support for public sector reform, considerable politicisation of the public service and a diffusion of accountability. High-level initiatives have not been monitored and supervised effectively.
- A re-thinking of approach is essential, as is the capacity to learn from earlier failures.

This review concludes:

*‘The quest for public sector reform will undoubtedly continue but some rethinking of policies is essential as is the capacity to learn the lessons of earlier failures. The learning is not simply a matter for PNG officials but also for the international financial agencies, which have been so heavily involved in promoting public sector reform. There is also much room for popular involvement, not simply as presenting unrealistic wish lists of projects but in sharing information, participating in planning and assuming some responsibility for accountability. Seeking good practice and how to replicate it is another under-utilised strategy as is good research on management matters.’*

These issues have continued to influence PSR over the last few years. Sause and Aloï (2003)<sup>20</sup> queried whether PSR in PNG was making progress or had reached a stalemate. Their review suggests that PSR in PNG has fallen into a cyclical mode, with no effective end in sight. They argue that reforms announced since 1995 have failed to have a positive bearing on public sector performance. They refer to repetitious announcement of reforms with little action by way of implementation.

The Morauta Government introduced “A Strategy for Public Sector Reform” in 2000. This was described as a ‘multi-pronged’ approach, combining several initiatives to re-define the role of government in PNG, improve governance and strengthen capacity in public sector management. Responsibility for the reform agenda was vested in the new Central Agency Coordinating Committee (CACC), reporting direct to the Prime Minister. A Public Sector Reform Management Unit (PSRMU) was also established. A series of Functional Expenditure Reviews (FER) was undertaken, with World Bank support. However, progress under these programs has been modest.

20 Sause, L. & Aloï, D. (2003) *Public Sector Reform in PNG: Stalemate or Crisis?* Pacific Economic Bulletin, 18(1): 67-78



The ADB has recently taken a higher profile role in supporting PSR. This is associated with the ADB's provision of a Public Service Program Loan (PSPL) for PNG, late in 2001<sup>21</sup>. This loan is for \$US70 million, to be released in two tranches each of \$US35 million; the second tranche had not been approved for release, as at the end of November 2003. The PSPL is intended to support, as part of the wider reform agenda of the PNG Government, policy reform measures in four areas:

- Building a performance-oriented public service,
- Re-orienting personnel management systems and processes,
- Strengthening probity and oversight agencies, and
- Improving delivery of major services.

Unfortunately, to date there are few indications of major PSR activities being carried through to fruition by GoPNG. In the key areas of financial and people management, little change has been achieved. Effective implementation and ownership of change are too often absent.

The current re-focusing of the PNG PSR program, reflected through a revised Strategic Plan for PSR<sup>22</sup> implies clearer prioritisation of PSR activities. The revised objectives include:

- A public sector with a clear sense of direction,
- Affordable government,
- Improving performance and accountability, and good governance; and
- Improving service delivery.

The recent development of this Strategic Plan was assisted by the provision of short-term ASF advisory assistance. Hopefully, this Plan throws new light on GoPNG intentions and priorities and will help AusAID develop its strategy for closer engagement with GoPNG in this area. The recent moves to establish a new Australian cooperation initiative with GoPNG include a specific focus on PSR, particularly financial and economic management.

The AusAID projects under review in this evaluation have contributed to PSR in a selective way, namely in the area of good governance and accountability (the OCISP), economic and financial reforms (PATTS), and indirectly through ASF, in various areas of management improvement in policy and line departments, and through direct support of the work program of PSRMU and CACC. However, these activities have achieved only modest overall results and progress to date with PSR, in general, remains unsatisfactory.

21 ADB Loan 1875-PNG

22 Finalised in July 2003, and publicly released in November 2003.

## 3 THE OMBUDSMAN COMMISSION

### INSTITUTIONAL STRENGTHENING PROJECT

#### 3.1 Introduction

The Ombudsman Commission (OC) is a key oversight institution, established by the Constitution of PNG to perform three primary functions: (i) to investigate alleged wrong conduct of government agencies, (ii) to investigate discriminatory practices by these bodies, and (iii) to administer the Leadership Code, established under the National Constitution.

Prior to the implementation of the OCISP, the capacity of the OC had declined to a point where it had an unmanageable backlog of administrative complaints and leadership cases. Meanwhile, governance issues had gained much publicity as a result of growing public concerns about corruption, particularly among leaders, and the general decline in the accountability for performance by Government agencies. Good governance is fundamental to progress and development, and therefore strengthening of the OC, among other agencies in the Law and Justice sector, was identified as an important and necessary step in addressing and promoting good governance.

The OCISP was designed to improve the management and operational capacity of the OC to effectively carry out its responsibilities and restore credibility to democratic processes, particularly in relation to Leadership Code matters. Without these reforms, it is unlikely that the OC would have been able to adequately cope with the increasing demand being placed on it.

The OCISP was a 'design and implement' project. This is different from a conventional project model in that it involves a single contract for both design and implementation phases. The project was initially designed as a three year project, with much of the first year dedicated to design and inception followed by two full years of project delivery. Funding was estimated at \$3.65 million, with \$3.25 million provided by GoA and \$0.4 million by GoPNG.

As discussed below in more detail, the project was extended for an additional two years and the expenditure increased to \$5.735 million, with \$5.182 million provided by GoA and the balance by GoPNG.

## 3.2 Project design and objectives

Project design commenced in November 1997. A five-year Strategic Plan for the OC was prepared during the first half of 1998, and a comprehensive PDD consistent with AusAID guidelines was prepared during this initial design period. This was subsequently endorsed by all parties. Project implementation commenced in May 1998. The project was revised in early 2000 and formally extended in September 2000, with the extended phase being completed in September 2002. Ultimately the project extended over 5 years in design and implementation.

The overall goal for the Project was “to improve governance in PNG through a more effective contribution by the Ombudsman Commission (OC) in ensuring that Leaders and Government Bodies (GBs) performed in a manner that is open, transparent, accountable, equitable and responsive to people’s needs and aspirations.”

More specifically, the OCISP was designed “to improve the work practices of the OC and the organisational vehicle which carries them, to enable it to effectively discharge its role, purposes and functions”<sup>23</sup>.

Ten specific project objectives were identified: (i) a five year strategic plan, (ii) a functional organisational structure, (iii) an adequate case management system, (iv) an appropriate work planning and monitoring system, (v) improved internal communications, (vi) improved budgeting and expenditure controls, (vii) OC staff trained and skilled in their work, (viii) an adequate public awareness program, (ix) development of close working relations between the OC and similar institutions, and (x) effective use of information technology by the Commission.

A number of activities were developed to achieve the above objectives including: (i) improved work practices and restructuring of the organization, (ii) staff development, (iii) an improved planning and reporting cycle, (iv) the adoption of information technology systems, (v) development of external relations and, (vi) establishment of standards for continued performance enhancements.

23 Elsewhere stated as: ‘to develop an appropriate organisational structure, effective work processes supported by IT systems, improved planning and performance management incorporating staff development, and an effective external relations program.’

Overall, the evaluation found the above objectives to be appropriate and relevant to the needs of the OC, and supportive of good governance. It was noted that the project supported AusAID's Country Strategy which places importance on good governance as an overarching theme for the Australian Aid Program. The PNG Government similarly accords high priority to good governance and is undertaking specific reform activities to address governance issues. The OCISP therefore mutually supported the policy priorities of both Governments.

The active engagement of OC staff in the project from the design stage is identified by the evaluation team as a key success factor. A number of factors contributed to this level of engagement. Firstly, there was strong management support and commitment for the OC staff to engage with the project in implementing the reforms, without which, as experiences demonstrate, reforms are often viewed as being externally driven and therefore are not implemented effectively. Secondly, the 'design and implement' project model was supported by a team of professional and highly regarded advisors (with first hand experience of the Ombudsman role<sup>24</sup>) and this enhanced the status of the project and facilitated a participatory approach in managing the project. Thirdly, undertaking corporate planning as a parallel activity to the project design proved a valuable approach, as it assisted the OC management and staff to identify and clearly articulate the needs of the organisation and to determine appropriate strategies for addressing those needs. Most importantly, this last factor allowed the OC to engage in ownership of the project from the beginning. During the design period the OC prepared a Concept Paper which identified management issues and problems within the OC; this helped the strategic planning process.

The 'design and implement' project model offers other distinct advantages to agencies with specialized and professionally focused functions like the OC. As the model involved a single contractor undertaking both the design and implementation, it ensured stability and continuity of support to the OC throughout the project. A strong and positive partnership between the project team and the OC staff grew out of this arrangement that had a positive influence on the outcome of the project.

24 The Team Leader was Sir John Robertson KCMG OBE, a former President of the International Ombudsman Institute, and another senior member of the team had experience in three Ombudsman offices, including the PNG OC.

### 3.3 Project management

Implementation of the OCISP was initially envisaged over three years, however this was extended subsequently to five years. This reflected the challenges faced in implementing this Institutional Strengthening Project (ISP) in a fluid and dynamic environment like PNG, and the need to respond to changing circumstances without necessarily compromising project objectives.

The project design incorporated a Logframe and in the initial PDD (May 1998) the project's major activity components (with component titles in bold type) were identified as:

*Component 1: Describing, assessing and revising the **OC's Organisation Structure and Work Processes***

*Component 2: An audit of the OC's Staff responsibilities and terms and conditions of service and the introduction of an on-going **OC Staff Development** and performance management program*

*Component 3: Development of revised systems for **Planning and Reporting**, including annual reporting, Ombudsplan preparation and strategic planning*

*Component 4: Assessing and reporting on the status of the OC's current IT System; the acquisition and customisation of **IT systems** to support case management and other management functions; and associated training*

*Component 5: The development and implementation of an **External Relations Plan** to address the OC's interaction with Government Bodies and its general external profile*

*Component 6: The development of standards for **Continued Performance Enhancement** through preparation of a Manual of Professional Doctrine and training staff in its use.*

The PDD was revised in April 2000 for the final two years. The major change was that Component 6 was incorporated into a modified Component 1. The modified Logframe for the final two years of the project is at Appendix 4.

The evaluation team noted that management of the project was well supported by a team of professional, highly regarded, and capable people, some with PNG working experience. The team's ability to establish good working relationships with OC staff and to provide mentoring roles for national counterparts in a culturally and politically sensitive environment was a positive aspect that benefited the project. The OC staff indicated during the field evaluation that working arrangements adopted by the project team, whereby the team leader, as the long-term advisor, remained in the country and was intermittently supported by short-term specialist advisors, benefited the OC. Commitment of

national counterparts from the respective specialist divisions of the OC to the project also contributed to its success. This arrangement facilitated ongoing support to the OC and assisted in settling implementation issues without undue delay.

The level of active engagement by both parties in the project allowed implementation to proceed without major disruption. Communications between the project team and AusAID Post and Canberra, found to be reasonably open and ongoing, greatly assisted in resolving implementation issues in a timely manner.

Experiences with other projects suggest that implementation of ISPs, in particular, are difficult without the full support of management of recipient agencies, or if the operating environment is not supportive of change. The strong support from the management of the OC during the design phase and sustained during implementation was instrumental in ensuring the project's effectiveness. This was supported by the growing public concern for good governance in PNG and pressures placed on the Government to take action.

In a more detailed management sense, the use of a Logframe, annual plans and 'milestones' as part of contract conditions, helped ensure progress along the planned path. The patience shown by AusAID, including acceptance of revision of the PDD and extension of the project for an additional two years, was also important in achieving effectiveness.

## **3.4 Achievement of objectives**

### **3.4.1 PROJECT COMPLETION REPORT (PCR) INFORMATION**

The PCR for the OCISP<sup>25</sup> represents one source of information on the achievement of project objectives, as seen by the AMC. Such documents inevitably point to the more successful elements of the project. Nevertheless, it would be remiss not to give due attention to this source of information. Key points from the PCR are:

- The Commission is more efficient in its core objective of achieving administrative justice for PNG citizens. Productivity increases have been substantial and timeframes for resolving and completing cases are shorter.
- The Commission is more effective in detecting corruption among leaders. The number of cases referred to the Tribunal has increased substantially. The Commission is more proactive in ensuring PNG leaders are more aware of their roles and responsibilities of office.

25 OCISP, PCR, September 2002

- Through its access and awareness programs, the Commission has made the citizens of PNG more aware of its role and responsibilities and there has been a marked increase in the number of citizens now utilising its services.
- The Commission is assisting selected Government Bodies to make better decisions and to improve their procedures and systems for internal review and resolution of administrative issues raised by dissatisfied members of the public.

### 3.4.2 EVALUATION TEAM VIEWS

The evaluation team on the basis of its investigations considers the OCISP to be a success in terms of achieving its objectives. The components of the Logframe were all addressed and dealt with satisfactorily. OCISP can properly be regarded as a good project in design and operation; well focussed with a high professional content; and well delivered by a good team including highly regarded professional team members, with good prospects for sustainability. This was coupled with management support of OC throughout the design and implementation phases. It was noted that all of the ten specific objectives of the project have been achieved and positive changes to management and operation of the OC are visible.

A number of key reform activities, and related issues now arising, are discussed below.

**(i) Strategic planning:** The first Strategic Plan for OC, for the period 1998-2002, was developed with significant assistance from the project team, given the low level of in-house capacity at the time. A new Strategic Plan, for 2001-2005 has now been developed, largely with in-house capacity drawing on experience of the first plan. The current Plan has incorporated the previous experience and new issues identified by the project, demonstrating improvement in capacity of staff.

As part of the planning process established under the project, and based on the Strategic Plan, the OC prepares an annual 'Ombudsplan' which outlines activities and annual budget proposals. This is submitted through the National Budget process. Over the last two years the OC has been able to justify additional budgetary allocations on the strength of the annual Ombudsplans supporting its budget requests.

**(ii) Annual reporting:** The OC prepares an annual report to Parliament, which is intended to be completed by the March of the following year. The OC prepared and submitted annual reports for the years 2000 and 2001 on time. The report for 2002 was to be submitted to Parliament in November 2003, which is somewhat overdue. The evaluation team was informed by the OC that the delay was partly due to difficulties experienced in generating and compiling information from three separate systems, the Case Management System, the Human Resources system and the Accounting System. However, compared to most government departments and agencies, the OC has complied well with the statutory requirement of annual reporting to Parliament, but it has to improve the timeliness.

**(iii) Structure, work planning and performance management:** The OC has been restructured in line with its core functions, as set out in the Strategic Plans. An established process of work planning, performance monitoring and reporting is now institutionalised in the organization and enforced by management. This process has established a performance-oriented work culture that is entrenched in the workplace and fully embraced by the staff. The OC pointed out that it has adopted a number of disciplined management processes that are contributing to improved performance. These include: a rigorous recruitment process, with all new recruits required to undergo an orientation program covering the roles and responsibilities of the OC and also their wider responsibilities to the OC and the country; a performance based staff appraisal system for monitoring performance and a staff training and development plan; and training programs aimed at skill building and professional development, based on a training needs analysis.

The overall improvement in management and communications, the introduction of a performance management system, and HRD activities (including induction and in-house training) have established a good performance culture in the OC. It has been estimated that productivity improvement as a result of the above reforms is 35-50%, with the OC making further progress on these gains.

**(iv) Other management issues:** The evaluation team noted, however, a number of management issues that may pose threats to the positive gains made in the OC if they are not addressed satisfactorily. These include staff issues, such as middle and senior management staff not getting annual performance based salary increments in the last three years, issues of housing support for staff, security of staff outside office hours, and high staff turnover. Staff turnover was 7% in 2002<sup>26</sup> and this can have a significant impact on the retention of the experience and skills built in the OC through the project.

26 Human Resource Development, OC Annual Report, 2002



With respect to training, it is noted there was a reduction of more than 70% (OC HRD, Annual Report) in the total training program from 2001 to 2002, as project resources terminated. If this trend continues, the impact on sustainability of skill levels could be severe.

(v) **Leadership Code issues:** Leadership matters have been actively pursued by the OC through its advocacy efforts and in its operations, both of which have increased the OC's profile and status, and provided support for recent increases in budget funding. The Leadership Code classifies the following as 'Leaders' under the Code:

- Elected leaders in three levels of Governments (National, Provincial and Local level),
- Departmental Heads,
- Constitutional Office holders,
- Heads of Statutory Authorities,
- Provincial Administrators,
- Heads of Overseas Missions,
- Others as determined by the OC, e.g. Board Members.

The Director, Leadership, pointed out to the evaluation team that during the pre-project period, the OC did not have a clearly defined system for dealing with Leadership Code cases and generally investigations were not well coordinated, resulting in slow processing and accumulation of outstanding cases. A clear process was established under the OCISP and is now operational. The important steps in investigation process are:

- The OC carries out preliminary investigation on the basis of complaints from individuals or on the OC's own initiative.
- If there exists a *prima facie* case, the OC instigates a full investigation.
- The investigation report is considered by the full Commission (all Commissioners) and the OC either accepts or rejects it.
- Upon clearance by the Commission, the Leader is notified and served with a "Right To Be Heard" document and given usually three weeks to respond.
- The Commission considers the Leader's response and decides whether or not to proceed with the case against the Leader.
- Where there is a case, the Commission refers the matter to the Public Prosecutor (through a Referral Document "Statement of Reasons").
- The Public Prosecutor considers the matter and, where appropriate, requests the Chief Justice to appoint a Leadership Tribunal to hear the case.

The duration of cases varies depending on their complexity. They can range from three to six months; however a number of recent more complex cases are likely to take much longer. There are some management challenges in balancing the attention given to Leadership Code matters and the other core function of public complaints handling.

**(vi) Case management system and IT:** An IT-based case management system (CMS) was introduced and is now in operation. This system has substantially improved response time in handling public complaints. Initial response time has been reduced to 4 days whereas in the past delays of some months often occurred.

Over the ten year period 1992 to 2001<sup>27</sup>, the OC received complaints averaging 2900 annually and this level is increasing, as its performance improves and public understanding of its roles and responsibilities improves. Besides improvement in response time in dealing with cases, completed cases have also improved. For instance, in 2001, out of 3575 complaint cases, 3457 or 97% were dealt with or closed. While these statistics are subject to interpretation, there has been substantial improvement in case management as a result of introducing the CMS.

However, the CMS has limited application in handling Leadership Code cases (a core area for the OC), and in sorting complaints into various categories for information and analysis. Improvement of the CMS is important to sustain achievements to date and to further enhance the OC's capabilities. Despite its limitations, the Director, Leadership, noted that the application of the CMS has improved response time and is providing a useful tool for orderly management of Leadership cases. While some technical capacity in IT has been developed internally to maintain the systems, there is inadequate expertise to remedy software faults and gaps, and insufficient funds to upgrade hardware.

**(vii) The Government Bodies Liaison Program:** This Program is being established to assist government agencies to establish complaint handling systems within their own agencies to deal with public complaints relating to their respective areas of responsibility. Initially this Program covered four departments, but coverage has increased to fourteen departments, with plans to further increase the coverage. Agencies involved now include many with important inter-relationships with the public: Police, Correctional Services, Teaching Services Commission, Education, Lands and Physical Planning, Post PNG Ltd, National Housing Corporation, PNG Defence Force, Foreign Affairs, Personnel Management, Works, Magisterial Services, Electoral Commission and Central Provincial Administration<sup>28</sup>.

<sup>27</sup> OC Annual Report 2001

<sup>28</sup> As at August, 2003–Ombudsman Commission

Liaison officers are appointed by the departments and agencies to be trained in investigations and to act as focal points for complaint handling.

Where cases are not handled promptly through this mechanism the OC takes action to follow up the complaint with the agency concerned. If implemented successfully, this liaison program has the potential to reduce the caseload of the OC and improve productivity.

**(viii) Gender issues:** In terms of gender considerations, the project also emphasised the need for a greater representation of women in professional roles within the Commission under a gender equity plan. The PCR noted that it is difficult to solve gender inequalities and imbalances in the Commission and other similar organisations in Papua New Guinea because gender issues are deeply rooted in the country's diverse cultural attitudes, biases and practices on gender roles. Papua New Guinean women are very restricted by cultural conditioning to perform certain functions or roles at certain levels. However, the PCR suggested that the incremental changes occurring during the ISP indicate the Commission's position and direction on having gender balance in all its activities in the future.

The PCR also noted, more specifically, that:

- women made up 37% of the total OC staff numbers (as at September 2002).
- while representation of women within rank remains biased towards lower levels of job classification, a framework for career progression has been established and a number of significant appointments of women occurred during the course of the project.
- project programs ensured that gender awareness was incorporated in staff training and institutionalised the need for gender equity in the Commission's recruitment processes.
- in 2001, 12% of complaints were lodged by women. Further analysis of complaints on a gender basis using the CMS is under consideration, but is not possible at present because of software problems with sorting of cases.

The evaluation team found that OC is taking steps to promote gender equality in the workplace and to make the organization gender sensitive.

### **3.5 Impact and Sustainability of outcomes**

While the specific objectives of the project were targeted at improving the capacity of the OC, the benefits accruing from achieving broader project objectives have a wider impact. The public is benefiting from being better served by an efficient OC. Efficient handling of Leadership Code cases is sending the right signals on good governance and is helping to extend public awareness and support for better leadership standards.

To mid-2003, 67 leaders had been referred for prosecution under the Leadership Code. Thirty four of those charged were found guilty and either dismissed or fined or their appointments revoked; 21 resigned after the appointment of the Tribunal or, for other reasons, could not be prosecuted under the Leadership Code; 6 cases are pending while 6 were found not guilty<sup>29</sup>.

Successful reform of the OC is having a significant impact in promoting good governance and in providing examples of 'best practice' to other government agencies. The OC and its activities have attracted considerable community attention and are frequently reported on favourably in local newspapers<sup>30</sup>. The OC is also participating and supporting a major public anti-corruption activity in conjunction with the Media Council of PNG and Transparency International.<sup>31</sup>

The Government agencies participating in the Government Bodies Liaison Program (GBLP) are benefiting from assistance to improve their own complaints handling processes. This Program, if implemented successfully, is likely to help reduce the caseload of the OC because Government agencies will have the capacity to deal with complaints within their areas of responsibilities. In the long run, this is likely to reduce the workload of the OC and thereby free up resources to focus on other priorities such as Leadership Code matters.

Sustaining positive outcomes for the project represents a challenge for the OC. Strong leadership in management and a disciplined approach are required to sustain them. The OC currently enjoys strong leadership and good management and that has been fundamental to the successful reforms achieved under the project. Budget support is underpinning sustainability. Improvements in the internal management and operations are being institutionalised but are, nevertheless, still fragile. Turnover of trained staff poses a potential threat if a longer-term human resource strategy is not implemented effectively. Some issues in performance management and salaries were noted by the evaluation team, but these arise generally in the PNG public service.

29 Advice from Ombudsman Commission during discussions, September 2003.

30 The National, *'The PNG Ombudsman: A pillar of strength*, 4 September 2003; PNG Post Courier, *'G-G's election to be probed (by the Ombudsman Commission)*, 24 September 2003.

31 Full-page advertisements in major newspapers, e.g. The National, 26 September 2003.

Case management is a core function of the OC and reforms in this area have improved the profile of the OC while at the same time increasing the demand for its services. The introduction of the CMS has improved handling of complaints cases, with a much reduced response time. Issues that can affect sustainability include technical deficiencies of the CMS and inadequate system and technical support in country to rectify faults as they occur. Failure of the CMS would not only further increase a backlog of cases, but would run the risk of damaging the OC's profile, at a time when there are high public expectations.

It should also be noted that the CMS is primarily concerned with recording and handling complaints cases and is not as relevant or useful for Leadership Code cases. This remains an area of challenge for the future.

The role and effectiveness of the regional offices of OC remain of some concern. It does not follow that the improvements seen in the central office are replicated in the regional offices, and there has been some comment on this. The evaluation team was not able to assess this at first hand, but budgets for travel and training are important considerations in this context.

While the OC has received increased budget allocation in the last two years in spite of cuts to other agencies, there is no guarantee that it will receive further budget increases, or be exempted from budget cuts in the future. The medium term budget framework is projecting further expenditure cuts to meet budget targets. Under this scenario, the OC management must continue to exercise careful planning and stringent management of its finances and focus its attention on priority activities.

The Ombudsman Commission is now a participating agency in the new Law and Justice Sector wide program being supported by AusAID. An indicative program of support for the OC has been included in the interim program plan, including support for the IT system in the OC. If this is realised, it will help ensure sustainability of benefits from the OCISP.

Engagement with the Centre for Democratic Institutions (supported by AusAID, at the ANU, Canberra) is also proving helpful and should continue in the future to support sustainability<sup>32</sup>.

32 A senior officer attended a major CDI program on anti-corruption issues and policy in Canberra in late August 2003.

### 3.6 Lessons

The selection of the OC for an ISP has proved to be an important strategic intervention. It is not wholly clear to the evaluation team what selection process was used or why the OC was chosen for institutional strengthening support, although anecdotally the role of the OC in Leadership Code investigations was apparently an important consideration, and this is understandable<sup>33</sup>. Public complaints (the more common Ombudsman role in other countries), while inherently of importance to the community would not usually attract the same degree of priority in the context of good governance. Whatever the reasons, the OC now stands out as one of the key watchdog agencies in PNG which has gained considerable benefit from an institutional strengthening project, while other comparable agencies without such assistance have languished.

Other agencies which might be seen to be equally important to good governance and related reforms are the Public Service Commission and the Auditor General's Office. The Public Service Commission, which handles internal Public Service grievances and appeals, has not been nominated for similar TA support and has languished (although AusAID supported work is now commencing in this area). While a major IS project has been proposed for the Auditor-General's Office (with ADB funding), that project has not yet eventuated and strengthening of this key agency remains an important gap in improved governance in PNG.

Thus, one fundamental lesson noted for AusAID is the importance of selecting the recipient agency for institutional strengthening on a strategic basis. The criteria for selection should include (i) the significance of the agency in the overall context of good governance, and (ii) the potential for a successful project to have a gearing up effect on performance and effectiveness in advancing the agenda for good governance. Without such an approach, resources can be wasted or misused on lower priority activities.

A number of more specific lessons can be drawn from this ISP:

- The utilisation of a single contractor for both the design and implementation phases proved to have major advantages. It provided a common understanding of project objectives, ensured continuity and stability in engagement between the project team and the OC, and assisted the development of local ownership.

33 There was an AusAID exploratory mission in early 1996 which reviewed areas of possible TA in legal and quasi-legal areas and the OCISP apparently arose from the reports of this mission.

- The initial Strategic Planning exercise involving OC staff was essential as a key component of the ISP. This helped management and staff develop a clear understanding of roles and responsibilities of their agency, capabilities and constraints and also fostered ownership and support for the activity. It also ensured that general management and change management issues were identified at the outset and addressed progressively during implementation of the project.
- A high degree of professionalism (and direct professional experience of the Ombudsman role) in the project team, was critically important, as the status of professional input influenced the quality of motivation and collaboration in the OC.
- Project staff were professionally competent and had the ability to relate to, and work with, national counterparts and were cognisant of the cultural and political sensitivities of the staff of OC. Appropriate counterpart arrangements for the duration of the project to facilitate learning and transfer of knowledge and skills were made.
- Linkages with key external institutions and stakeholders were developed and proved valuable.
- The introduction of an IT based Case Management System was integral to success, but experience with this system has highlighted some issues concerning technical competency and back-up support in country.
- Follow up activities (in this case, participation in the new Law and Justice Program) may be critical in maintaining the prospects for sustainability.

The evaluation team noted that the new Law and Justice Program incorporates a novel approach to project team membership, in that an AMC has been selected but was not required to nominate team members prior to the selection process<sup>34</sup>. This is intended to maximise flexibility and ensure access to a wider field of professional advisors in key areas, than would otherwise be available due to the 'lock-in' factor in normal bidding arrangements. The evaluation team notes that there are risks with this approach but recognises it as a promising new initiative, which hopefully will ensure access to the highest quality professional resources during the follow-up activities.

<sup>34</sup> See information on AusAID website [www.ausaid.gov.au](http://www.ausaid.gov.au) re this new approach.

## 4 PNG–AUSTRALIA TREASURY TWINNING SCHEME

### 4.1 Introduction

'PATS' commenced as a direct 'twinning' arrangement between Treasury in Australia and Treasury in PNG. There were discussions in mid-1999 between Prime Minister Sir Mekere Morauta and Australian Treasurer the Hon. Peter Costello, when the Australian Treasurer offered to provide technical assistance to support the PNG economic structural reform program. The activity was inaugurated shortly after, with the broad aim of improving economic governance in PNG through capacity building based on training, skill sharing and the establishment of co-operative relationships with national officers and organisations.

As the activity expanded, the term 'PATS' came to encompass broader (but not all) economic and financial reform activities in PNG funded by AusAID, some of which did not fall under the 'twinning' arrangement but were funded and managed under the Advisory Support Facility (ASF). This has led to a confusing dual usage of the term 'PATS', one being narrow (the institutional 'twinning' activity) and the other broader (covering all economic and financial reform activities supported by AusAID, including the direct twinning activities).

Substantial support is being provided to the PNG Government by way of PATTS activities. Expenditure to the end of 2002-03 was \$4.03 million. Approvals for expenditure on the overall program to date total about \$6.0 million. This represents the approved funding of all AusAID assistance to GoPNG in the area of economic and financial reform, including the direct twinning activities. This amount of approved funding is very similar to the total expenditure on the OCISP discussed earlier in this report<sup>35</sup>.

As noted above, the term 'PATS' is also used more specifically for the direct cooperation arrangements between the Australian Treasury and the PNG Treasury/Finance Departments. The latter coverage, with its institutional cooperation nature, is at the heart of the 'twinning' concept. The direct 'twinning' arrangement is supported by a Record of Understanding (ROU) between Australian Treasury and AusAID<sup>36</sup>. Schedule 1 to this ROU sets out the Scope of Services to be provided.

35 This is more than an interesting statistical quirk, as it suggests a basis for some comparisons to be made about 'value for money' against results achieved, or 'cost effectiveness'. These aspects are discussed later in this report (Section 6).

36 ROU 11049, dated 12 August 2002, between AusAID and the Australian Treasury.



Direct expenditure on the ‘twinning’ arrangement is currently limited to a modest total of \$350,000, but this relates only to policy and administrative support and short-term visits, and can be adjusted by agreement. All longer-term placements (beyond 3 months), including those of Australian Treasury officials, are arranged through the ASF, which provides a convenient employment support mechanism. The ROU expenditure and the costs of the engagements through ASF are included in the broader PATTS program and in the total expenditure referred to above.

Most of the activities under the ‘twinning’ ROU have involved the provision of technical advisers from Australia to the PNG Departments of Treasury and Finance, the Central Bank of PNG, the Internal Revenue Commission, and the PNG Privatisation Commission. There has been a mixture of short-term placements (under the ROU, 2 weeks to 3 months) and longer-term placements (12 months). The ‘twinning’ concept also encompasses visits to Australia and the temporary placement of PNG national officers in relevant Australian agencies, for learning experiences in the working environment. Further details of coverage of the arrangement are in Schedule 1 of the ROU.

The TA under PATTS has not been not team based. Advisors have been selected and placed on an individual basis and have carried out their activities individually. There have been ad hoc professional interactions but not in any organised way comparable with the way a project team would operate.

## 4.2 Nature and scope of PATTS placements

In view of the way in which PATTS has evolved over time, it is useful to summarise some key aspects of the way in which PATTS activities and placements have been arranged contractually.

**Table. Categorisation of PATTS placements<sup>37</sup>**

Fiscal year	1999-2000	2000-01	2001-02	2002-03	Total
No. of activities	9	20	20	16	65
Individual AusAID contracts	2	11	8	2	21
ASF contracts	0	4(a)	7(b)	13(c)	24
Treasury contracts	3	1	3	1(d)	10
DOFA contracts	3	0	0	0	3
APSEM	0	3	0	0	3
Visits to Australia	1	1	2	0	4

(a) includes 3 Treasury officers, 12 months each. (b) includes 2 Treasury officers, 12 months each. (c) includes 3 Treasury officers, 1 for 12 months, the second for 4 months and the third commencing late in the year for 6 months. (d) short term visits under Treasury ROU.

37 Sourced from consolidated list of PATTS data provided by AusAID.

This table brings out a number of points:

- The number of activities peaked in 2000-01 and 2001-02.
- Australian Treasury involvement was at its highest in 2000-01, during which year there were 3 Treasury officers in PNG on 12 month engagements
- The use of ASF has grown over time, in conjunction with the engagement of an increasing number of independent (non-Treasury) advisers

Major examples of direct Australian Treasury involvement include:

- Technical assistance with 2000 Budget preparations (5 months; 1999-2000).
- Budget adviser in Economic Policy Unit (EPU) (2-3 months; 2000-01).
- Macro-economic advice to EPU (2 advisers, 12 months each; 2000-01; 1 adviser, 12 months, 2001-02).
- Debt management advice to Loans and Revenue Division (9 months; 2000-01).
- Superannuation policy (12 months; in both 2000-01 and 2001-02).
- Records management adviser 2002 (one officer for one week, plus follow up from Canberra).
- Tax policy adviser (12 months; 2002-03).
- Revenue forecasting for EPU (4 months; 2002-03).
- MTFS advisers 2002-03 (total of four officers for 2-4 weeks each).
- Tariff reform review advisers 2003 (one officer for six months, one officer for two weeks plus follow up from Canberra).
- Budget development adviser (2004 budget, one officer for four months).

Major examples of the use of independent advisers include assistance with:

- Resource sector tax compliance (2 months; 1999-2000).
- PNG value added tax (2 months; 2000-01).
- Bank of PNG corporate governance (12 months; 2000-01).
- Taxation Review Tribunal (12 months; 2000-01, 2001-02 and 2002-03).
- Public Accounts Adviser (12 months; 2002-03).
- Superannuation and Life Insurance (2 advisers, 12 months; 2002-03).
- National Statistics Office (12 months; 2002-03).

### 4.3 Related TA activities

PATTS is not the most significant TA in the field of economic and financial management in PNG. In relative terms it has been modest, albeit growing recently. Advisory work in this area is also supported by the major International Financial Institutions (IFIs), such as the World Bank, International Monetary Fund (IMF) and the Asian Development Bank (ADB). Earlier WB and IMF sponsored activities were associated with a Structural Adjustment Loan and Program, and included the preparation in 2000 of a functional and expenditure review (FER) for the Department of Finance and Treasury<sup>38</sup>, which reviewed organisational development and policy management issues in the then single department. A number of other departments were also reviewed along similar lines. These FERs covered key expenditure and revenue functions and the aim was to identify options to improve efficiency, service delivery and to contain costs. These reviews, particularly that for Finance and Treasury, covered many aspects of financial and economic management issues, but resulted in little action.

A major ongoing donor activity is the large-scale Financial Management Improvement Program (FMIP), sponsored primarily by the ADB. A major focus within FMIP is the development and eventual implementation of new budget and government accounting IT systems. Within FMIP, AusAID provides specific support for the Provincial Financial Management Training Program (PFMTP), largely through technical training. This program commenced in April 2000 and focuses on the delivery of financial management training for the provincial and local level governments. It is due to finish at the end of September 2003 but may be extended.

AusAID also co-finances, with the United Nations, the Support for Provincial Financial Management Training Project. United Nations Volunteers provide the support to the training efforts and mentoring of provincial staff.

In early 2003 the major IFI donors and AusAID, in cooperation with GoPNG, initiated a Public Expenditure Review and Rationalisation (PERR) project. This exercise was designed primarily to assist with the preparations for the 2004 Budget, by focusing on the scope and opportunities for expenditure savings. The PERR, which has now submitted reports to GoPNG, pursued four themes:

- A road map to fiscal sustainability.
- Reprioritisation of expenditures.
- Civil service size and payroll.
- Restoring the integrity of Budget institutions and systems.

<sup>38</sup> Functional Expenditure Review, Department of Finance and Treasury, December 2000. At the time, Finance and Treasury was a single department. Subsequently it became two separate departments.

While these themes are broad and relate to many government activities and processes, they are directly relevant to, and inter-relate with, matters covered by PATTS.

Also in early 2003, as a result of information arising from PATTS activities and issues with PFMTMP, AusAID commissioned a study to identify and prioritise areas requiring further support to strengthen economic and financial management in PNG. The objectives of this study included identifying and prioritising gaps in assistance to support economic and financial management in PNG. The study was to provide recommendations on possible future Australian assistance, taking into account: (i) key weaknesses in economic and financial management (but not duplicating the more detailed efforts of the PERR); (ii) assessment of factors contributing to the weakness in economic and financial management; (iii) assessment of how far existing assistance is addressing these factors; and (iv) areas where more could be done, and prioritisation of these needs. This study has become known as the 'Gap Analysis'.

The advisors undertaking this study were asked by AusAID to take a systemic approach to issues of economic and financial management and to recognise that an ad hoc 'gap filling' approach to capacity building was unlikely to provide sustainable improvements where there was institutionalised weakness in financial management capacity. Similarly, the team was asked to approach financial management as a whole-of-government issue, and not something that was limited to Departments of Treasury and Finance. The Gap Analysis team presented a draft report in April 2003<sup>39</sup>.

The evaluation team was advised that the Australian Treasury had referenced its plans against World Bank reviews (particularly the FER and more recently PERR) and the QTC debt management study. Treasury has also tried to ensure that its activities are coordinated with the Financial Management Improvement Program. In early 2003 Treasury and the FMIP conducted a joint project to develop the revenue forecasting capacity of PNG Treasury.

A further environmental factor is the Review of Intergovernmental Fiscal Arrangements, which concerns fundamental issues in the funding arrangements for Provincial governments.

39 PNG Gap Analysis–Thinking Outside the Box, draft 24 April 2003 (Geoff Dixon and Les Holland).

To say the least, PATTS is being implemented in a crowded environment. Some might see the development context as confusing and contradictory. There are many players, inter-related and overlapping donor activities, and obvious issues of coordination. Current AusAID activities, such as the Gap Analysis, mean that important issues in this field of work for the future are currently under review, with indications of further change. This uncertainty is compounded by recent developments between GoA and GoPNG concerning future arrangements for the delivery of Australian Aid programs in PNG. The financial management area is specifically mentioned in the September 2003 Joint Ministerial communiqué<sup>40</sup> and follow-up discussions are planned for October and December 2003. Hopefully a fresh look at the design and scope of cooperation in this area will lead to improved coordination and greater effectiveness in the future.

## **4.4 Project design and objectives**

### **4.4.1 DESIGN ISSUES**

There is no formal design document such as a PDD (or a Logframe) for PATTS, but the (Australian) Treasury Review of Strategic Priorities (January 2002) and Schedule 1 of the ROU (August 2002) provide some basic design information for the institutional twinning activities. However, these documents do not cover the whole picture, as other activities have been added over time, and supported through the ASF mechanism. The engagement of a Special Adviser on Economic and Financial Management who provided independent high level advice to AusAID on progress and emerging issues, and undertook monitoring, in effect recognised this and added an element of design to the arrangements.

It is difficult to appreciate the overall design of TA in this area. Objectives and the coverage of TA is implicit rather than explicit. There is no overview statement or full picture of all the activities being undertaken under PATTS, however defined, or of monitoring and evaluation arrangements. The activity has grown on an ad hoc basis. There are lists of advisors engaged under the supplementary ASF arrangements and specific TOR, and various reference documents and reports, but the evaluation team noted the absence of a current comprehensive design or reference document, and a related performance framework, which made evaluation difficult.

The evaluation team noted in particular that, apart from the recent Gap Analysis, there has been no real effort, in a design sense, to position this activity within the broader context of other economic and financial TA programs as summarised above.

40 Joint Ministerial Statement PNG Australia, Bilateral Issues, 18 September 2003.

There is an absence of annual plans, performance measurement and monitoring plans. Annual plans are provided for under the ROU between AusAID and the Australian Treasury but no such plans were found by the evaluation team. The Australian Treasury did produce a review of strategic priorities in January 2002 but this could not be regarded as an operational 'plan' and has not been updated subsequently<sup>41</sup>.

The evaluation team also noted that there was little or no information or focus on matters commonly of ongoing interest to AusAID, such as poverty reduction and gender equity issues, although poverty reduction might be considered implicit in the improvement of economic governance and performance. There is no risk assessment documentation, although there are many risks in this area, including the quality of advisors and their performance.

The activities under PATTS were meant to be flexible and innovative, and not unduly burdened with administrative requirements and paper work. However, there is a need for balance in this regard, and the evaluation team concludes that a reasonable balance has not been achieved in terms of the design and implementation of PATTS.

#### **4.4.2 THE APPROPRIATENESS OF OBJECTIVES**

**(i) Overall objectives:** The absence of a comprehensive design document has made it difficult for the evaluation team to assess the appropriateness of overall objectives. Certainly the issues addressed by PATTS are highly relevant to the PNG reform program. Economic and financial reform are amongst the highest priorities in the good governance agenda.

The formal objectives of PATTS, under the twinning arrangement, are “to strengthen the economic policy capacity of PNG staff; to strengthen PNG’s budgetary systems; to provide advisory support to key agencies to promote change, sustainability and skill transfer to counterparts; and to provide high level economic advice to the PM and Treasurer as a means to assist PNG with the general economic policy reform process”.

41 Australian Treasury, PATTS: A Review of Strategic Priorities, January 2002.

These are ambitious wide-ranging objectives and, as stated, may be too wide-ranging to be meaningful for the nature and scale of the activities undertaken under PATTS. They imply considerable high-level activity, and overlap and inter-action with the other support activities outlined earlier. This does not appear to be what is happening in practice. This points to the need for stated objectives to be more focused in the future, and placed more clearly and realistically in the context of overall support activities in this large and diverse area of reform. The formulation of a current strategic design document would assist with this. Even if it is considered desirable to state strategic objectives in a very broad way, it is then essential to establish intermediate objectives which can be pursued realistically through placements and related activities.

**(ii) Objectives for individual placements:** These are usually recorded through Treasury or ASF processes, in conjunction with the development of individual engagement arrangements. They are work specific and therefore are relevant to the work intended. However, questions arise whether the work assignments and placements have been identified in accordance with strategic and intermediate objectives, or whether current issues and the need for short-term assistance are more commonly the drivers of the process. The evaluation team was unable to resolve these questions, given the time available and the lack of monitoring and assessment information, but noted this as an important consideration for the future.

## 4.5 Project management

In the early stages of PATTS, the Australian Treasury arranged management and coordination of the twinning activity, and provided necessary staff resources for placement. Subsequently, Treasury used external professional support for coordination and support.

Later, as the activity expanded, advisers were engaged under the ASF to undertake activities for which Australian Treasury could not provide resources. This development posed some challenges of cooperation and coordination, particularly as the number of advisers under ASF in this area grew<sup>42</sup>.

As PATTS changed from its narrow coverage to a broader coverage, AusAID engaged an independent consultant<sup>43</sup> as Special Adviser on Economic and Financial Management, from January 2002 to assist with coordination, monitoring and management. This adviser completed his work in July 2003 and at this stage the monitoring activity is being handled in a different way by an adviser familiar with the PERR exercise.

<sup>42</sup> General issues concerning management of ASF are discussed in detail in the following section of this report.

<sup>43</sup> Mr. Tony Higgins, under Services Order 10253/1, March 2002.

The role of the Special Adviser, in brief, was to:

- Provide independent high level advice to AusAID on PNG's economic and financial reform situation.
- Oversight the progress of advisers placed in PNG agencies.
- Advise AusAID on the relevance of the work program of advisers to the overall strategy for economic and financial reforms.
- Monitor and report on emerging issues or problems.
- Liaise with PNG officials on emerging priorities, and with advisers engaged in the PFMTTP.

This initiative represented a substantial effort to bring more structure and monitoring to the program. Monitoring and evaluation were clearly of growing concern. While there were various monthly and other progress reports on an individual placement basis, there was no integrated analysis. The Special Adviser helped to upgrade monitoring and evaluation. Written monthly reports by this adviser provided useful detailed coverage of these activities in recent times. The evaluation team noted that these written reports tended to the factual and specific end of the spectrum, rather than to more strategic analysis. However, in addition to these written reports, oral advice on key issues was provided regularly and this may have dealt with the latter issues.

Coordination, oversight and professional evaluation of progress are significant project management issues for the future. This again raises the question of the need for a clearer design (as discussed earlier). It also raises the need for more structured working arrangements for this broad area of activity, including the possibility of a more clearly defined program coordinated by a designated team leader. Planning, monitoring and evaluation could all be upgraded. It is understood that concepts and possibilities in this regard are under consideration. The evaluation team believes it is essential for significant change in this area.

## **4.6 Achievement of objectives**

### **4.6.1 ACHIEVEMENT OF SPECIFIC OBJECTIVES**

Although PATTs has broad strategic objectives, in practice the focus has been at a much lower level and activities have developed based on very specific objectives for single individual placements. It was not clear to the evaluation team how the coverage of individual placements was determined, and whether their potential contribution to the higher level objectives was canvassed and assessed. The lack of documentation, such as annual plans and specific evaluations, suggests that ad hoc considerations were often significant.



However, the evaluation team did note that in the Treasury review document of January 2002, four primary areas were identified for attention, presumably in the context of 'twinning', but probably also more broadly: (i) macro-economic forecasting and linkages; (ii) the Budget preparation processes; (iii) cash flow estimation processes, and (iv) the management of PNG's debt portfolio. Secondary areas identified were revenue collection and economic statistics. These six 'areas' are in the nature of intermediate objectives and placements have been aimed at meeting these.

(i) **Macro-economic forecasting:** Assistance to the macro-economic forecasting function in the PNG Treasury has been a priority, since the inception of PATTS. As indicated above, a number of Australian Treasury officers have taken one-year placements, in sequence, to assist with capacity building in macro-economic forecasting. Public accounts and expenditure control are related areas which have been served by a single PATTS/ASF adviser in the PNG Department of Finance. Two additional advisers were recently placed in Finance as training advisers in the field of expenditure controls.

(ii) **Budget preparation processes:** Some assistance has been given to Budget preparation activities for 2000, 2001, and 2002. This assistance has by its nature been short term.

(iii) **Cash flow estimation:** The evaluation team was unable to identify any specific activities in this area although some aspects of macro-economic forecasting and debt management have apparently overlapped into this area.

(iv) **Debt management:** Specific activities have related to the management of the GoPNG's overdraft facility with the Bank of PNG (BPNG). In part of this work, assistance was provided by the Queensland Treasury Corporation (a State Government instrumentality) to undertake a detailed portfolio benchmarking study of PNG's public debt. An officer from AOFM, Canberra, had two placements in PNG Finance in 2000-01 for a total of nine months, to manage the transfer of debt instrument management from the BPNG to PNG Finance.

(v) **Secondary areas:** Revenue collection and economic statistics were noted as secondary areas in the Treasury document of January 2002. Superannuation and life insurance also fall into this category. In practice, these areas have attracted significant attention. The Australian Tax Office (ATO) has been involved, and a former ATO officer assisted the PNG Taxation Tribunal to reduce its backlog of cases. ATO also conducted a scoping study of priorities for the PNG Internal Revenue Commission.

Two other (independent) consultants provided long term support to the Bank of PNG in superannuation and insurance regulation. The placement, and related advisory activities, supported the reorganisation of the superannuation legislation and industry in PNG. The need for this reform emerged out of the write-down of assets by the Public Offices Superannuation Fund in 1998; which reduced the retirement benefits of thousands of public servants by 50%. This discrete intervention has helped restructure the small superannuation industry in PNG, and has been done effectively and on a timely basis.

In most cases, once a decision has been made to proceed with a specific placement, the objectives for such individual placements have usually been met. However, as noted earlier, there is a question whether the placements have been aligned with the strategic objectives, and the Treasury's indicated intermediate objectives. The evaluation team noted that while some of the intermediate objectives such as macro-economic forecasting have been pursued steadily with evident commitment, others have not been pursued as actively. Interestingly, the secondary areas have attracted considerable support.

#### **4.6.2 GENERAL ACHIEVEMENTS**

The evaluation team found that the PATTS activities, both in the narrower and broader contexts, were generally well regarded by PNG officials and participants. Given the gaps in PNG economic and financial capabilities this response was not surprising. Respondents pointed to the strategic importance of this intervention for PNG, the status and professional value of the direct twinning with the Australian Treasury, the provision of assistance on an emergency basis during difficult times, helpful medium term support in macro-economic forecasting, advice and capacity building, and good professional opportunities for short term learning experiences in Australia.

However, this generally positive reaction does not represent an answer to the question of achievement of objectives. In reviewing this question, the evaluation team noted that there has been no TAG or mid-term review, as commonly occurs with more formalised projects. There has been no previous attempt to assess the cumulative effects of these individual placements against the overall objectives, and the significance of outcomes in an overall sense. The evaluation team therefore had to address the question solely on the basis of its review, over a short period of time and with limited resources.

As discussed earlier, the overall objectives of PATTS are ambitious and wide-ranging, and it would be difficult to conclude that the stated objectives are being achieved. PERR documents point to continuing substantial difficulties and challenges in PNG in virtually all of the areas covered by the stated objectives.

As noted above, the achievement of intermediate objectives has been patchy, with activities tending to secondary areas rather than the originally identified primary areas.

Overall, the PATTS activities to date have been partly diagnostic in nature, partly capacity building and partly to provide urgent short term assistance in a small number of agreed areas. Against the overall objectives, progress has been modest. This is not to imply, however, that worthwhile professional contributions have not been made, and individual advisers interviewed by the evaluation team have approached their tasks with enthusiasm and commitment. In addition, the existence of PATTS has established good engagement with local authorities through the ongoing working relationship between Australian advisers and PNG officials. This has established a sound basis of networking and opportunities for future access.

While these conclusions may be regarded overall as disappointing, a good base of access, knowledge and context for future cooperation has been established, and better outcomes should be possible in the future if the problems identified by the evaluation team are addressed and dealt with.

#### **4.6.3 ATTACHMENTS TO THE AUSTRALIAN DEPARTMENT OF TREASURY**

It was recognised from the outset of PATTS that the placement of PNG officers in the Australian Treasury, under the twinning concept, would be one way to assist capacity building. It was envisaged that this would involve “firstly, giving senior PNG officials a short term overview of Australian practices and procedures and, secondly, by exposing more junior staff over longer periods to working environments where these practices and procedures are in daily operation.”<sup>44</sup>

Not many senior level visits by PNG officials to Australia have occurred. There was one visit in 2000 for one-week by a senior officer, and a second visit for one-week in 2001-02. Until recently, senior Australian Treasury officials do not appear to have made visits to PNG. The initial more substantial attachment for two EPU officers from PNG Treasury was conducted from March to May 2001 and was found to suffer from being too close to the preparation of the GoA Budget and its finalisation in June 2001. Comments were made to the evaluation team that the visit was useful and interesting but seemed to lack preparation and specific objectives. The experience was valued and the exposure to Treasury professional capabilities and work practices was revealing and informative, but it was felt that the visit could have been better planned.

44 Australian Treasury, PATTS: Review of Strategic Priorities, January 2002.

The second attachment for two officers was from July to September 2002 and suffered from being close to preparations for the GoPNG Budget in early November 2002. The second visit was better organised, but some areas of personal interest were not covered. However, skills transfer and exposure to research was good. There was a third visit from July to September 2003. Information on this visit was not available during the evaluation.

The evaluation team interviewed three of the four attached EPU officers and was advised of an apparent lack of preparation and readiness to receive them in Canberra. This difficulty was less marked in the second attachment period, but the first attachment was described as an 'immersion experience' with 'no specific objectives' and 'too much time spent in the library'.

The evaluation team was advised that the process for selection of EPU staff to undertake attachments was not transparent; however, the lead-time of three months to prepare for the attachment was sufficient and support services provided by Australian Treasury were very good. Of particular potential value to the EPU officers was participation in discussion activities ('state of play' seminars), internal training programs and short placements with each of the Australian Treasury divisions relevant to their job-related needs. The latter apparently did not work out as well as intended in either attachment.

The main observations made were that professional exchanges, research capabilities and practices, IT data management and administrative support structures in the Australian Treasury were much stronger than in PNG Treasury; and made better economic forecasting standards possible. Re-creating a similar level of support in PNG Treasury is a major challenge for the future, but weekly 'state of play' seminars and better records have been introduced by the attached officers to make a start on this process.

All attached GoPNG officers agreed that more preparation and planning for attachments would benefit both PNG Treasury and Australian Department of Treasury. Development of specific TOR for individuals and pre-arranged learning objectives would allow progress to be better monitored. There was also a request for feed-back to be provided by the Australian Treasury to the attached PNG Treasury staff before their return to PNG, and it would be useful for the participants to complete an evaluation report. The Australian Treasury advised that since 2002 PNG placements and their host units have filled out evaluation reports. This process is still underway for the PNG officers who undertook placement in Canberra in mid-2003.

The PNG Treasury officers interviewed were very appreciative of the visit program and recommended its improvement and continuation<sup>45</sup>; however, none felt that the benefits of the program had been maximised to date by appropriate follow-up in their home agency in PNG.

It was also suggested to the evaluation team that an extension of the attachment arrangements to include Department of Finance (DOF) staff, not just Treasury officers from EPU, would be valuable<sup>46</sup>. Such an attachment was under consideration earlier but was delayed. Key areas that would need to be addressed would include accounting, IT and non-tax revenues. The evaluation team supports this suggestion.

In summary, the evaluation team concludes that this type of placement could have considerable value in capacity building; however, if the scale of visits is to be increased a properly structured and documented learning agreement needs to be entered into with each selected individual for such attachments to be fully effective.

## **4.7 Impact and Sustainability of outcomes**

The impact of this activity has been modest to date. As observed above, the overall activity to date has been partly diagnostic in nature, partly capacity building and partly to provide urgent short term assistance in agreed areas. As such, it has not created (and might not reasonably have been expected to create) the conditions for high impact and sustainability across the broad agenda of economic and financial reform. Resources committed have been modest, placements have been on an individual basis and coordination has been limited. Importantly, the linkages with other significant donor activities remain a challenge, and these activities are critical to sustainability of economic and financial reform.

In specific areas, sustainability of capabilities is considered achievable and in sight (e.g. in macro-economic forecasting). Short term visits to Australia have been valuable but modest in number, and realisation of benefits on return to PNG has been modest. Participants have pointed to the need for PNG management to take a greater interest in applying the benefits in the PNG environment.

45 For example, placement under the PNG-Australia Treasury Twinning Scheme (PATTS), Mr. Alfred Mokaé, PNG Treasury Memorandum, 25 October 2001.

46 Comment to team by Deputy Secretary Gabriel Yer of DOF, PNG.

For the future, senior PNG officials currently identify the need for ongoing assistance in two broad areas – one covers further professional economic and financial advice, and the second covers organisational development and management issues, including a new Corporate Plan for Treasury, and the implementation of that Plan, with all that that would entail. This recognition by PNG officials of the need for management improvement activities is a recent development, which has arisen directly from growing awareness of the need for organisational development to support professional growth and development, and from the recent experience of direct managerial support, provided through the ASF mechanism.

The overall conclusion is that PATTS is not having the impact originally envisaged. It has served a modestly useful purpose in meeting some urgent needs and establishing confidence and access but, for the expenditure made, outcomes have been modest. In a shifting environment, beset by many uncertainties, greater impact and sustainability of benefits in the broad area will require further substantial engagement and development of this stream of assistance on a more integrated and structured basis.

The best ways of achieving this will need to be discussed between GoA and GoPNG. Good communication and frequent open dialogue are essential in this high priority central area. As well as strategic objectives, there is a need for realistic intermediate objectives (and priorities) which should be made more focused and realistic. The recent Joint Communiqué on future aid assistance suggests that a restructuring of this program is likely.

## **4.8 Lessons**

One of the fundamental lessons is the strategic significance of the intervention. Assistance in this area is recognised mutually as a high strategic priority. As a general observation, the relationship between higher level objectives and those for specific placements has not been well developed, and monitoring and evaluation activities have been under-developed. In the case of the institutional twinning component the review of strategic priorities in January 2002 was influential in keeping activities on course, although as noted earlier the 'secondary areas' attracted more attention than some of the identified 'primary areas'. This of course highlights the need for regular review and monitoring, and regular updating of objectives and plans.

The institutional twinning arrangement has not been all 'smooth sailing'. There are difficult challenges with twinning arrangements, related to the matching of interests and capabilities, and the availability of staff resources from the more experienced partner for placement with the less experienced partner. The visit program has been modest. Nevertheless, all PNG staff placed found the experience valuable and Treasury staff currently placed in the PNG Treasury report these staff are more productive than many other staff.

The implications of the progressive expansion of PATTS beyond the twinning activity do not appear to have been given appropriate recognition, even though it introduced significant planning and coordination challenges. Coordination has proved to be challenging as supplementary activities and the range of placements has expanded.

Specific lessons on twinning are:

- Twinning arrangements usually have a high status and can create opportunities for professional networking and progressive engagement, which can lead to the development of more extensive cooperation later.
- Twinning arrangements have some advantages over more conventional projects in certain circumstances, in that they can usually be brought into effect quickly and can provide access to relevant and experienced (government-based) professional resources in a flexible and prompt way. Such arrangements may have advantages in addressing a limited range of short-term issues but may have disadvantages in addressing a wider range of issues.
- Twinning arrangements work best when the field covered is relatively narrow and there is a good matching of respective functions. Problem areas may emerge when functions are not closely matched and/or when staff resources in the more experienced partner are not available for visits or placements. The difficulty of matching supply and demand effectively is often under-estimated and needs close attention if effective outcomes are to be achieved.
- Any attachments of PNG staff to Australian agencies under twinning arrangements need to be supported by specific TOR, with detailed learning agreements for each individual and expectations of topics and activities to be covered. These agreements need to be agreed in advance by all stakeholders if the benefits of the attachment are to be maximised. In particular, achievement milestones and feedback arrangements need to be built into the TOR so that progress can be monitored.

More general lessons are:

- The usage of the term 'PATTS' in different ways is responsible for some confusion in terms of coverage, and it would be desirable for this term to be redefined for the future, and perhaps used only for the institutional twinning component. A new term should be adopted for the broader support program. This is not just a semantic point, but an essential part of clarifying design and improving implementation.
- While cooperation activities and work programming need to be flexible, a documented agreement on strategic objectives, intermediate objectives and priorities at the outset is important, and needs to be kept under review on a regular basis. Annual plans are desirable to ensure that activities are properly planned and kept 'on track'. A performance information framework is also essential.
- The professional content of cooperation activities should be monitored and assessed regularly to ensure satisfactory progress and the identification of any necessary adjustments or re-consideration of activities. Attention should be given to diagnostic indications of related or inter-dependent issues which need to be addressed. Significant reports and assessments should be recorded in a knowledge management database to assist the analysis of ongoing issues and future cooperation.
- When cooperation activities expand significantly, additional attention is needed to ensure sound coordination, programming and team approaches to maximise results. In this case, the Special Adviser played a useful role in monitoring progress and developments, but as activities expand the use of a more formal Team Leader or Coordinator would have value.
- Care is needed to ensure that a focus on policy improvement does not overlook the need for improvements in management. Special attention needs to be given to related management issues such as corporate planning, work allocation and change management. If the nature of cooperation implies significant change in how functions are being handled, special initiatives to promote adjustment to change will be desirable.
- The use of ASF arrangements for employment administration and support generally can be helpful, and minimise the workload in this regard for AusAID and the provider partner, allowing these parties to concentrate on the professional aspects of the TA.
- Special attention needs to be given to the handling of additional external recruitment, and how monitoring and assessment is to be dealt with in these cases. Where the ASF arrangement is used for the recruitment of additional staff resources, special attention needs to be given to quality assurance and reporting arrangements.



## 5 ADVISORY SUPPORT FACILITY

### 5.1 Introduction

The origins of ASF in the mid-1990s reflected both Governments' interests in having a flexible mechanism to place individual advisors in short or medium term roles in GoPNG agencies. A Technical Assistance Facility (TAF) was considered to be required for PNG to deliver advisory and training support for improved service delivery, strengthened planning and service delivery capacity, and better prepared and coordinated aid projects. AusAID was supporting similar facilities in other countries<sup>47</sup>. Through this type of mechanism the administrative demands on AusAID staff can be reduced by outsourcing, and potentially scarce internal resources can be devoted to planning, policy and management.

The following explanatory material on TAFs is from the *Summary of Issues and Lessons* developed by AusAID's Governance Sector TAF Network:

*"What is a Technical Assistance Facility (TAF)?*

*A TAF is a flexible aid delivery mechanism under which a number of smaller activities are identified, designed and implemented. TAFs are generally considered to be programs, as opposed to projects, as precise activities are usually not determined up-front but emerge through on-going dialogue and engagement with the partner government. In TAFs, considerable discretion lies with the program managers as to the timing, scope and scale of activities, procurement is usually devolved to the program manager and the TAF operates against broad parameters or guidelines rather than a detailed implementation plan. The South Africa Capacity Building Program is generally considered to have pioneered this approach within AusAID in 1994.*

*Considerable variations exist between TAFs. Key areas of variability include the relative responsibilities of Post, Desk and AMC, the degree of targeting of support to sectors, sub-sectors and/or agencies, whether support is provided on an incremental (aka "progressive engagement") or one-off basis, whether program inputs are purely in the form of technical advisors or encompass various other kinds of inputs and whether AMCs are funded on the basis of a fixed management fee or by a percentage of the value of activities undertaken.*

*Some of these variations exist because of the stated preferences or differing capacities of partner governments and/or the overall context of Australian aid in the recipient country, while the basis for other variations is much less clear.*

47 Internal AusAID discussion paper on Technical Assistance Facilities, February 2003.

*In some cases the underlying philosophy of the TAF appears quite different (e.g. some TAFs form a substantial part of the bi-lateral program and aim to undertake modest but significant public sector reform activities through progressive engagement while some others support small discrete activities complementary to a much larger project-based country programme).*

*Typically, an Australian Managing Contractor (AMC) is contracted to manage the operation of the TAF but not necessarily to implement actual activities (which are typically sub-contracted within Australia and usually are comprised of technical advisory services). In most TAFs the AMC establishes an office in country for the purposes of activity identification and oversight of implementation. Approval to undertake activities is generally given by Post and the Partner Government through a program management committee or a similar forum."*

The ASF project in PNG commenced in December 1996 under the management of SMEC International. MDG Pty Ltd was contracted by AusAID to act as Interim Managing Contractor for the period 31 October 1997 until 7 April 1998, after SMEC's withdrawal from the activity. SAGRIC was contracted to manage the project from April 1998, originally on an interim basis, and then under a three-year contract (from end 1998), with several extensions. A Mid-Term Review (MTR) reported in March 2001, and the initial ASF project, after extension, was completed in March 2003.

For convenience, the activities in this initial phase (from December 1996 to March 2003) are referred to as ASF I. To ensure GoPNG involvement in the management of the activities supported by the Facility, from the outset the design included a Facility Management Group (FMG) with GoPNG membership. A second phase, ASF II, commenced in April 2003 with SAGRIC again selected as the Managing Contractor

A number of categories of advisory support have evolved over the course of ASF I. They are:

- Standard or core placements, requested by a PNG agency and agreed through the FMG, and involving an open selection process.
- Direct placements made to support:
  - (a) specified AusAID and GoPNG interests and activities, through technical assistance, involving an open selection process;
  - (b) specified activities with a high priority, e.g. the Bougainville peace process, and/or placements made under a twinning arrangement (e.g. PATTS). In these cases, the advisor has been nominated or selected through other channels, and the ASF essentially provides an employment administration and support service.

A brief analysis of the different types of ‘Direct’ placements, compared with ‘Standard’ placements, is made in the table below.

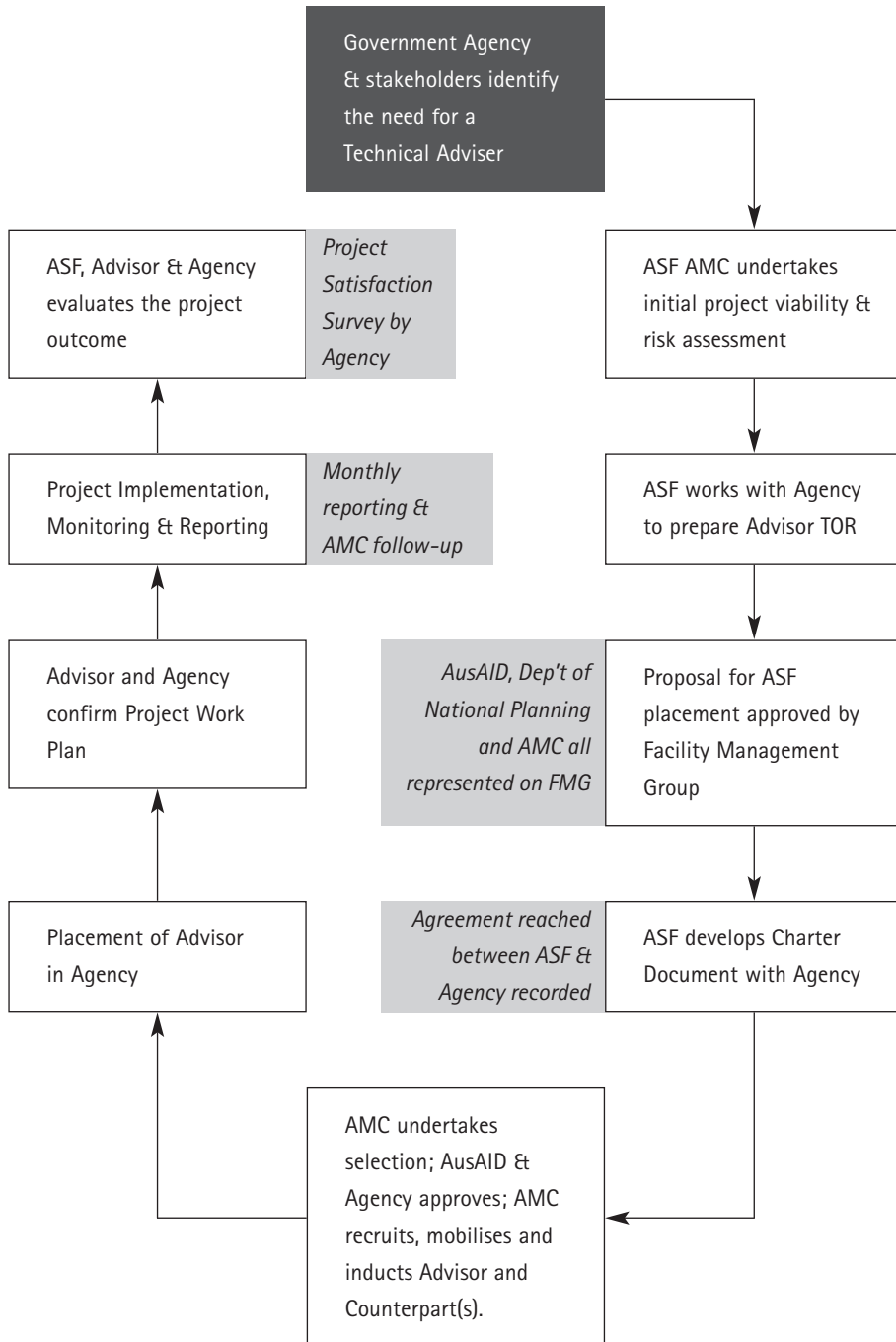
**Table. Comparison of ‘Standard’ and ‘Direct’ ASF placements**

‘Standard’ ASF placement	‘Direct’ Placement “types”		
	PATTS/ PSR/ Other	‘Narrow PATTS’	Special Cases
Agency demand drives placement	AusAID & Agency determine need	AusAID & Agency determine need	AusAID & Agency determine need
AMC prepares TOR for Advisor	AMC, or TA, or AusAID prepare Advisor TOR	TA, or AusAID, prepare Advisor TOR	TA, or AusAID, prepare Advisor TOR
FMG approves TOR & placement	FMG not involved in approving placement	FMG not involved in approving placement	FMG not involved in approving placement
AMC selects & recruits Advisor	AMC selects & recruits Advisor	AusAID names Advisor & AMC engages	AusAID names, or Period Contract, & AMC engages
Agency & AusAID approve Advisor	Agency & AusAID approve Advisor	Agency & AusAID approve Advisor	Agency & AusAID approve Advisor
AMC manages professionally	Not clear who manages professionally	Not clear who manages professionally	Not clear who manages professionally

The pattern of placements has varied over time. This, and the circumstances surrounding the use of various forms of placement, are discussed later. ‘Direct’ placements have become dominant in the latter parts of ASF I.

The following diagram sets out the way in which the ASF cycle operated for Standard placements during ASF I.

Figure. ASF Project Cycle and Activities



## 5.2 ASF resources and activities

ASF I has been a relatively large program in terms of funding but the precise figures for funding and expenditure need some clarification. The expenditure recorded in AusAID's AMS database shows a total of \$34.2 million but this amount includes payments for the initial AMC contracts, the SAGRIC contract and various ancillary activities. Total expenditure under the SAGRIC contract (Contract 07716) is recorded as \$36.6 million, but this includes funding provided from other (non-ASF) sources. In these cases, the ASF has apparently been providing employment and support services to assist other projects. For example, this total includes expenditures on longer-term placements under PATTS.

The following table shows that the core ASF expenditure (for ASF I) was just under \$30 million, and shows the source of additional funding (and activities) channelled through the ASF.

**Table. Details of funding of ASF activities<sup>48</sup>**

AMS Activity Name	Split amount (\$)	%
<b>Advisory Support Facility (core)</b>	<b>29,620,249</b>	<b>100.0</b>
PATTS	2,013,614	6.8
PNG Public Sector Reform	3,978,245	13.4
Education Sector Development	41,921	0.14
BALUS (Aviation Sector Reform)	222,244	0.75
PNG Disaster Management Project	568,290	1.9
Bougainville Ex-Combatants Trust Fund	60,315	0.20
Immigration Div. Strengthening Program	70,143	0.24
<b>Total</b>	<b>36,575,021</b>	<b>123.5</b>

Initially, the rate of expenditure was modest but then expanded. The cumulative total to June 2000 was only \$10.0 million, but this was followed by a sharp acceleration of expenditure in 2000/01, which almost doubled cumulative expenditure to \$19.0 million. A further \$19.7 million was expended in the following 21 months to the end of ASF I, representing an annual rate of \$11.25 million.

After June 2001 expenditures were recorded under two categories– (i) core ASF and Bougainville, and (ii) 'other funded advisers' (largely 'Direct' placements). During 2001/02 total expenditure was \$11.5 million, comprising 71.6% category (i), and 28.4% category (ii). In the nine months of 2002/03 to the end of ASF I, the comparable figures were 53.8% and 46.2%, reflecting the steady growth in Direct placements.

<sup>48</sup> Information provided by AusAID.

Over the course of ASF I, the ASF placed 116 advisers in 47 agencies, including the 35 direct specialist appointments initiated by AusAID. An average mobilisation time for standard ASF placements was three–four months, with direct specialist appointments made more promptly. There were up to 42 ASF supported advisers in the field at one time, the average being in the low 30s towards the end of ASF I.

Given the number and range of placements, it is difficult to summarise and evaluate individual and collective outcomes. Some indication of the range of placements is given by the following:

- ASF placements were made in central agencies, line agencies, authorities, provincial governments and special placements, such as for Bougainville
- A number of placements aided the rural poor e.g. increased agricultural sector productivity, small scale mining support, small business development adviser and assistance to the Cocoa and Coconut Extension Agency (on Bougainville), Rural Development Bank
- High-level advisers on specific issues, aimed at strategic outcomes rather than capacity building. These included the Bougainville Peace Process, work with the PSRMU, Treasury, and macro-policy in DNPRD, including substantial work on the MTDS.
- Significant support for public sector reform, through Prime Minister and NEC, and PSRMU.
- Organisational development and management in the Departments of Lands and Works, the National Forestry Authority, and the Central Supply and Tenders Board.
- Supporting other specific activities in line agencies e.g. Departments of Health and Education.

A more detailed categorisation would help with understanding of the focus and pattern of placements over time.

The number of provincial ASF placements was small, only 8 out of 116 Advisors, or 7%. This does not include 12 placements under the Bougainville Peace Process and Gazelle Restoration Authority, both of which have considerable national level support from GoPNG.

Responses received from two provinces, East New Britain and Milne Bay, to a set of evaluation queries about continuity of ASF initiatives in those provinces, 12 months after conclusion of the Advisor placements, suggested that the benefits of these placements have been modest.

### 5.3 Project design and objectives

The PDD for ASF I was formulated during the period of the First Development Cooperation Treaty with Papua New Guinea, but a large part of ASF I was implemented during the term of the Second Treaty, which commenced in 2000. The changes in Treaty objectives and priorities during that period are relevant and are set out below.

**Table. Australian Aid Objectives in Papua New Guinea –1995 to 2003<sup>49</sup>**

1995 (First Treaty)	2000 (Second Treaty)
<b>Objectives</b>	<b>Objectives</b>
Economic recovery program following 1994 financial crisis	Budget support phase-out completed
Devolution to provincial governments	To relieve poverty and achieve sustainable development.
To assist PNG meet its objectives of greater self-reliance, economic stability, social and gender equity and poverty alleviation.	To introduce contestability among PNG organisations seeking aid funds.
To strengthen PNG's abilities to develop sectoral policies, improve basic service delivery especially in rural areas, foster investment and create employment.	
<b>Priorities</b>	<b>Priorities</b>
Health	Strengthen governance
Education & training	Improve social indicators
Transport & communication	Build prospects for sustainable economic growth
Renewable resources	Consolidate the peace process in Bougainville
Law & justice	
Private sector development	

GoPNG was simultaneously experiencing a number of major pressures during this period, and introduced policy responses to match. These pressures included:

- Budget constraints and economic disincentives from 1995 onwards which resulted in little funding for the existing specialist Contract Officer positions in Government. Greater reliance was placed on Official Development Assistance to supply needed specialist skills;

49 Annex A 'Evolution of Australian Aid Objectives in Papua New Guinea', The Contribution of Australian Aid to Papua New Guinea's Development 1975-2000-A Rapid Assessment, AusAID, 15 April 2003

- Introduction of the Organic Law on Provincial and Local Level Governments (OLPLLG) on 16 June 1995, but which took some years to fully implement as Agencies struggled with legislative changes that were without an accompanying enabling “blueprint”; and
- The Morauta Government in 1999 initiated Public Sector Reform policies that required Agencies to outsource non-core activities and downsize their operations in line with the transfer of implementation responsibilities to the Provinces; few agencies were equipped to manage change of this type alongside the Organic Law Reforms.

The evaluation finds that these significant environmental changes meant that the context within which ASF was implemented was quite different from the context within which it was designed. The effect of these shifting contexts on ASF I is one of the main themes running through this evaluation.

### 5.3.1 ADEQUACY OF DESIGN PROCESS

The design process for ASF I was not clear-cut and numerous iterations and variations occurred. The initial PDD (July 1996) did not reflect a significant level of stakeholder participation, as there is no listing of the persons consulted during the course of the design; nor is there any indication that pre-feasibility or feasibility studies were conducted. The document does take into account other donor projects and their history concerning technical advisory facilities. Design appeared to be based largely on similar AusAID developments in other countries.

The evaluation team was not able to locate the final PDD (October 1997) for ASF I, notwithstanding a search of AusAID and AMC archives. The development of a final ASF design in October 1997 appears to have involved a number of iterations across a longer time frame than is usual. This process, combined with the fact that several AMCs were contracted in the first two years, leaves the impression that an uncertain design process contributed to the early delays and difficulties in ASF establishment and implementation.

The Mid-Term Review (MTR) in early 2001 indicated that the final 1997 PDD for ASF lacked a proper Logframe, performance indicators, risk assessment and a specification for internal and external monitoring and review. This comment is consistent with the evaluation team’s view of the original July 1996 PDD, where the design of the Logframe is not easily understandable and there is no Risk Matrix. Further, AusAID’s cross cutting issues of sustainability, gender equity and poverty alleviation were not addressed.



The AMC for ASF I subsequently prepared a revised project Logframe (January 1999) and a Risk Management Plan (July 2000) to be read alongside the PDD. Both of these supplementary documents are consistent with the requirements of *AusGUIDE*. A detailed assessment by the AusAID Quality Assurance Group (QAG) in December 1999 confirmed that there was a strong case for revising the PDD, and that the project design and appraisal processes were inadequate.

The evaluation team concludes that AusAID's normal quality assurance processes with regard to project design standards were not applied fully in the various iterations of project design for ASF I. Some of the complexities and uncertainties arising are discussed further below, under objectives.

### 5.3.2 APPROPRIATENESS OF OBJECTIVES

The objectives of ASF can be considered in two parts, namely the overall objectives of the Facility, and the objectives for individual advisory placements. The latter objectives are individually determined through their identification for each placement, as required in the TOR or Scope of Services, and should be consistent with the purpose of the Facility. Over time, the nature of specific placement objectives has a cumulative effect on the extent to which the overall objectives of the Facility are met (or not met).

(i) **Objectives of ASF as a Facility:** The origins of ASF reflected both Governments' interest in placing individual advisors in GoPNG agencies, with a strong emphasis on skills transfer. This interest emerged as the shift from AusAID Budget Support to Jointly Programmed Assistance took place and reform demands on line and central agencies increased. Further, GoPNG Budget constraints and economic disincentives were limiting employment of specialist Contract Officers to meet some of the demands on agencies.

The stated goal of ASF I was *"to improve the quality of service delivery provided by PNG government agencies"*<sup>50</sup>. The purpose was *"to raise the level of expertise within government to formulate and implement Government programs, to deliver government services and to facilitate the release of key staff for training"*.

The original July 1996 PDD required the AMC to promote the Facility and seek nominations for adviser placements among PNG agencies generally, with the anticipated focus of these placements being in those sectors supported by the AusAID country program, central agencies *"or in areas where a project was not warranted"*<sup>51</sup>.

50 Page 10, Papua New Guinea Advisory Support Facility, Project Design Document, AusAID, 16 July 1996.

51 Mid-Term Review, March 2001

The stated purpose of this text in the design narrative was to give the Facility coherence and direction, but the evaluation team found tension about the extent to which the Facility was to be strategically focused in agreed priority areas of development, or was to be a “scatter gun” model<sup>52</sup> supporting whatever PNG agency proposals arose.

The evaluation team notes that the objectives of the original and subsequent PDDs were left sufficiently flexible to permit a wide-ranging approach to advisory placements. This was because GoPNG demand for the Facility was unknown, and because the range of advisory needs under both OLPLLG and AusAID program changes were inevitably wide-ranging. Some degree of experimentation was considered appropriate.

*AusGUIDeline* 15 supports this approach to Technical Advisory Facilities (TAFs) in terms of the variety of requests that can be considered within a TAF, but includes the term “strategic” when referring to the requests that should receive support. Changing circumstances in PNG from 2001 onwards placed a heavier emphasis on the strategic element, rather than the variety of requests previously supported by ASF.

The evaluation team concludes that the initial objectives for ASF were broad and ambitious in nature. They supported the establishment of the Facility, but were not wholly realistic, or specific enough to give adequate guidance to an effective approach for individual placements. The stated objectives included reference to improved service delivery but there was no elaboration of how this should be pursued.

**(ii) Objectives of individual ASF placements:** A more complex picture arises here, because of the variety of placements that were undertaken. The accumulation of specific objectives should show a clear alignment with the stated broader objectives but the evaluation team found no strong evidence that this occurred during ASF 1.

The objectives for individual placements have varied over time. Initially, most placements were of the ‘Standard’ type, largely arranged by mutual agreement between the ASF and the agency concerned, and approved by the FMG. This was essentially a ‘bottom up’ approach with proposals put forward by interested agencies. This led to significant diversity in projects being supported.

52 Page 26, Review of Institutional Strengthening and Technical Assistance Facilities–Final Report. AusAID, 28 November 2002.

In later periods, more emphasis was placed on the 'Direct' style of appointment to meet identified high priority TA needs of GoPNG and AusAID. This variation over time was not clearly documented but was significant. Direct placements tend to have more focused objectives, related to strategic demands. In March 2003 the last month of ASF I, these placements represented 51% of the ASF budget.

The process of identifying activities and placing an advisor, in the (more routine) Standard cases, ensured that their individual objectives were readily established and appropriate to the task identified. It was intended that advisor TOR would establish the tasks to be done, and include an effective counterpart arrangement; a clear 'sunset' clause; and the exclusion of line duties to avoid substitution of recurrent Budget activities. Only in exceptional circumstances would an ASF advisor fill a technical gap, and a clear scheme to transfer skills was needed to support such cases. Advisor appointments were to be for no more than two years, with less than two years encouraged in the belief that skills transfer should occur in a short time. One-year extensions were possible.

The evaluation team's review of advisor TOR, direct discussions with advisors and consultations with senior officials from line agencies confirmed that advisor TOR for Standard placements were often overly ambitious. The PNG Secretary for Lands suggested that single advisor activity should take no more than two years to complete. Any 'oversize' TOR should be split and allocated partly to another adviser. The rationale was that outcomes needed to be achieved within a given timeframe so the recipient Agency could move forward in a timely fashion with a modest package of reforms, rather than waiting while advisor positions were extended to complete overly complex TOR.

The evaluation concludes that the process developed by ASF for setting and revisiting the objectives for the more routine activities was satisfactory within the general context of ASF I. However, there are questions as to how specific placements were determined, and what prioritisation was taken into account.

For the more direct appointments, the process was less transparent, and objectives were not always clearly stated or recorded. Direct placements responded to the needs of GoPNG and the AusAID Post, in particular the priority to strengthen governance. The process for setting objectives for these placements reflects a complex interaction of short-term practical demands alongside longer-term strategic interests. These processes are not as well documented as ASF Standard placements, with appointment by the AMC often done on the basis of email and/or telephone contacts from the AusAID Post.

A review of the placements in the Direct category confirmed that the objectives are relevant and support the AusAID Country Program, as it developed over time. These appointments reflect priority strategic interests (such as the Bougainville Peace process). Other placements have supported central agencies and reflect AusAID's progressive engagement with these agencies in governance reform in PNG.

The evaluation team notes, however, that the method of setting objectives for the more Direct placements could have been more effective, and processes for these appointments formalised to avoid misunderstandings and confusion in subsequent monitoring and reporting arrangements.

(iii) **Changing objectives:** The MTR in early 2001 noted that the ASF had shifted “away from the scheme’s original objective” (or ‘characteristic’) by increased responsiveness to AusAID Post and GoPNG requests for urgent, direct advisory placements in non-standard categories of ASF activity. The MTR recommended that the AMC’s processes be applied “across all categories”<sup>53</sup> of ASF placements to improve placement quality. The MTR also recommended that the ASF continue to provide assistance across all “public sector agencies, including outside those areas identified by GoA as high priority”<sup>54</sup> to “test the boundaries of GoA assistance to GoPNG”<sup>55</sup>.

The evaluation team noted (with some post-hoc puzzlement) that the MTR supported both the AMC’s approach to selecting placements, and setting their objectives, and a continued wide-ranging (or scattergun) approach to ASF advisory placements. This MTR view was not accepted and ‘strategic considerations’ became increasingly important.

Over the two-year period since the MTR, to project completion in March 2003, there have been significant changes in the way advisory placements support GoPNG objectives and the AusAID Country Program.

This development marked a watershed for ASF I, particularly in its final 12 months. The Facility was clearly implementing two streams of advisory support, with each stream having a different rationale for the setting of advisors’ objectives. This dual characteristic of ASF placements has created some dynamic tensions as the ‘best’ pathways for identifying placements by ASF I, and its successor ASF II, were debated internally.

53 Page iv, Papua New Guinea Advisory Support Facility Mid Term Review–Draft Report. AusAID, February 2001.

54 Ibid, page 5.

55 Ibid, page 6.

## 5.4 Project management

### 5.4.1 START UP AND TIMELINESS OF IMPLEMENTATION

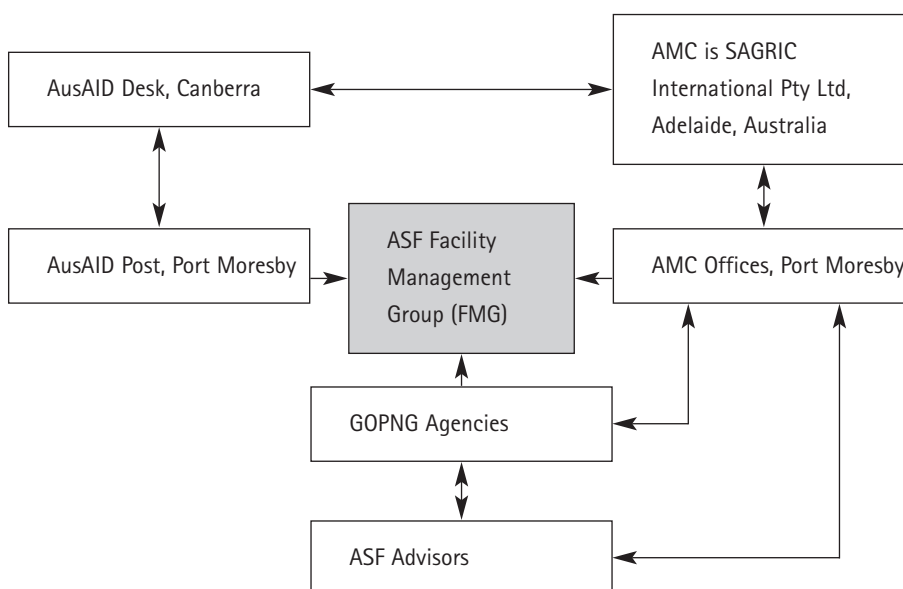
As noted earlier, the Facility experienced considerable difficulties and delays at inception. The first AMC started work in January 1997 and found that mobilisation of the Facilitation and Monitoring Group (FMG) was adversely affected by the preparations for the June 1997 general elections. AusAID replaced the first AMC in October 1997 after a period of 10 months.

A second, interim AMC commenced in October 1997 and ASF management was handed over to a third AMC in April 1998 after a further period of 7 months, during which time AusAID conducted a re-tender of the project. The third AMC (contracted in April 1998 as interim manager) was subsequently appointed for a three-year contract commencing in December 1998 and planned to end in December 2001. This was subsequently extended to March 2003.

The evaluation concludes that project start-up was not optimal. The AusAID response was appropriate and as timely as could be achieved in the circumstances.

### 5.4.2 ASF PROJECT MANAGEMENT STRUCTURE

The ASF Project is managed under the structure set out in the following diagram, with the FMG intended to act as the focal point for stakeholder interests. The AMC has its Head Office in Adelaide, with a full ASF Secretariat and administrative centre established in Port Moresby since 1998. This Port Moresby office also serves as the base for monitoring and evaluating ASF placements in PNG; and manages all payments and induction processes in connection with ASF Advisers.



### 5.4.3 REVIEW OF PROJECT MANAGEMENT ISSUES

This topic encompasses linkages with strategic considerations, during the period of ASF I and the involvement of the AMC in employment administration, and the professional management of the ASF placements.

**(i) Linkages with strategic considerations:** This issue became increasingly important in the latter part of ASF I. This is not surprising given the common strategic interest by GoPNG and AusAID in the areas of strengthening governance and public sector reform. Unfortunately, because of design and communication issues, linkages with strategic considerations were inadequate during most of ASF I. An agreed framework for directing future ASF placements to particular management activities or to key agencies is desirable, to achieve a more targeted approach. Clear linkages are required between higher level objectives, intermediate objectives which introduce more focus, and carefully drafted specific objectives.

**(ii) Professional management:** Professional management covers the AMC's engagement in setting TOR, monitoring performance and ensuring accountability. It has differentiated across the various categories of ASF advisory placement. Understandably, the AMC has been much less engaged with the direct appointees. A lack of clarity regarding roles around classes of ASF I placements, particularly the specialist Direct appointments, has led to some communications difficulties and a blurring of responsibilities between AusAID and the AMC.

Categorising ASF placements is an important aspect of professional management and helps define lines of accountability and responsibility<sup>56</sup>. Closer attention to 'who does what', and 'how is performance and accountability to be monitored' is needed between the parties. A related issue is the balance to be achieved between a 'doing' role and capacity building through skills transfer. The balance needs to be watched and some guidelines and clearer understandings established.

Related to these considerations are aspects of counterpart involvement and associated skills transfer activities. The ASF I database disclosed that 19 placements did not have counterparts due to the nature of the work; and there was no information regarding the counterpart for 13 placements. A total of 32 ASF placements proceeded to conclusion without counterparts, a statistic that would indicate a prima facie case for limited effectiveness and sustainability in about a quarter of all placements.

56 This issue was noted and addressed in the MTR, March 2001, but still appears to be an issue in ASF II.

General operational support was given as needed by the AMC and professional support (of a limited nature) was given to advisors in some cases. However, many ASF advisors considered that they 'self-managed' for the term of their placement, an approach that is not uncommon amongst senior professionals. This finding points to the need to include more rigorous professional management models in future advisory facilities; and this includes the possibility of using concepts such as Senior Advisors and Team Leaders/Senior Consultants where there are professional or institutional groupings of advisors.

Many advisors stated that an ideal forum for professional updating and information exchange is a regular seminar series. ASF did hold seminars for all advisors, but these tended to focus on operational matters<sup>57</sup>, not on maintaining policy currency and direction.

**(iii) Employment administration and support:** Flexibility and responsiveness in managing requests for placements enabled 116 advisors to be placed in 47 agencies over the period of ASF I. Administration by the AMC of these activities was regarded as being generally of a high standard by the advisors and others consulted. A few points for improvement were noted. Detailed placement procedures, including induction and reporting arrangements, were initiated and have been sustained and refined through the life of the Facility.

'Extensions' of appointments was an issue. The evaluation team was told by several counterpart agencies that the policy towards adviser extensions was overly rigid, and did not properly consider the ongoing needs of individual agencies for TA. However, both AusAID Post and the AMC indicated that restraints on the extension of adviser contracts was a general policy in ASF, although not always well communicated. Part of the reason for the imposition of this constraint on ASF placements was the perception that adviser extensions were sought on some occasions to provide ongoing staff support in the agency concerned. There was some criticism that the process of the project extensions was a 'soft option' in the contracting arrangements.

The evaluation notes that a comprehensive review of TAFs found that 'arbitrary fixed limits on the maximum duration or budget of a sub- project should be avoided, unless there are compelling reasons to curtail the flexibility of the facility in this way.'<sup>58</sup>

57 Culture and its Influence on Development, PNG ASF Workshop, September 2000; More Effective Project Teams, 5th Advisors workshop, March 2001; and Assessment and Evaluation, PNG ASF Advisors' Workshop No.6, September 2001.

58 Page 3, Review of Institutional Strengthening and Technical Assistance Facilities--AusAID, Final Report. AusAID, 28 November 2002.

(iv) **Contract administration:** The evaluation did not encounter any adverse comment on the general nature of the contracting practices, scope of services or basis of payment by AusAID. The basis of payment, in particular, is flexible enough to allow for the various ASF placement streams to be processed in a timely way.

The evaluation was advised that the correct identification of any Direct placement was important to the AMC under the ASF contract because this determined the source of AusAID funding to be charged for the provision of that adviser. As previously noted in this evaluation, documentation in support of a Direct placement did not always specify the source of funding, leading to additional administrative exchanges between the AMC and the Post to determine where to charge this cost. This was regarded as an unnecessary complication in contract administration.

The original design and contract could not foresee the extent to which Direct replacements would emerge as a major part of ASF activity. Further, the July 2000 Risk Management Plan makes no allocation of risk between the AusAID Post and the AMC, as the role of Direct placements was not specifically identified in the project documentation.

#### **5.4.4 PROJECT MONITORING**

Qualitative monitoring of ASF outcomes has not been strong. This is surprising given expenditures under ASF I.

The AMC has relied mainly on advisors' monthly reports to review progress and to identify exceptional developments. Detailed reporting procedures for individual placements were initiated and have been sustained and refined throughout the life of the Facility. The evaluation team found the forms of reporting reviewed, being exit reports for completed placements and advisor monthly reports, to be generally adequate but not as developed for further analysis as they might have been. There has been little substantive monitoring of a more strategic nature, although there has been a QAG review and a Mid Term Review, and some limited professional monitoring in the areas of economic and financial management under PATTS.

To promote good administration and effective facilities in future, professional-type monitoring and reviews should be established. Consideration should be given to TAG reviews for the program as a whole, or for selected parts of the program in terms of key themes and issues.



It would also be desirable to use the data compiled by advisors as a knowledge-base and an analytical and 'learning' tool that both GoPNG and AusAID could benefit from. There is clear potential for a well-structured ASF database to provide a significant body of knowledge to AusAID and GoPNG as public sector reforms are implemented with advisory support.

A more structured approach to internal knowledge management is required to inform future institutional strengthening designs; and is supported by AusAID's previous review of technical assistance facilities<sup>59</sup>.

#### **5.4.5 AUSAID MANAGEMENT**

AusAID staff have had the opportunity to directly engage in a significant number of placement identifications since mid-2001. This has enabled AusAID to become intimately familiar with and directly monitor the ASF program in the central agencies. Simultaneously, AusAID personnel have been involved in the evaluation of Standard ASF placement submissions in their membership of the FMG. This has enabled AusAID to form a good understanding of issues that affect the operation and functioning of ASF.

Accordingly, AusAID is well informed in assessing the risks associated with its involvement in Direct placements; and familiar with the need for associated record keeping. The increasing number of Direct placements has significant resource implications for AusAID Post that will need to be considered for the future. The evaluation team formed the view that this activity was under-resourced in view of the increasing workload.

59 Page 41, Review of Institutional Strengthening and Technical Assistance Facilities–AusAID, Final Report. AusAID, 28 November 2002.

## 5.5 Achievement of objectives

### 5.5.1 PCR INFORMATION

A PCR for ASF I was submitted by the AMC in March 2003. It noted that over the program term, 116 projects in 47 different GoPNG agencies were designed and advisers placed accordingly. Assistance was seen to have resulted in demonstrable improvements in service delivery in some cases, while in others assistance provided agencies with the tools and skills to improve their performance, with qualifications relating to resources, changes to management or other local constraints. The PCR noted issues about strategic focus, as follows –

*"Although it (ASF) met its original intention in most respects, towards the later stages of its life cycle, the program purpose began to be re-assessed as AusAID was exploring alternative means to develop agencies beyond merely meeting their most urgent needs. .... The ASF was often used to address urgent but in some cases short-term problems that did not have a significant impact on the crucial and in some ways more difficult and intractable governance issues."*

The PCR noted that the ASF was to effectively provide a flexible, efficient and accountable ASF that would be responsible for the provision and management of advisory personnel for GoPNG agencies. Its aims were to strengthen the capacity of PNG line agencies and coordinating agencies and improve the efficiency and effectiveness of preparation and coordination of development projects. The PCR noted that the ASF project design did not address poverty reduction directly, although some projects directly benefited the rural poor.

The PCR considered that the ASF was effective, efficient and accountable, and a SWOT analysis is presented<sup>60</sup> for ASF I. The evaluation team considered this analysis was realistic in identifying the various strengths and weaknesses of ASF I. It outlines:

- Benefits–flexibility, responsiveness, low cost, low tech solutions.
- Weaknesses–quick assistance but outside strategy, short placements, inadequate commitment to change, limited resources, weak assessment.
- Opportunities–mechanism to build capacity in a gradual way, improve inter-agency communications, information on agency capabilities, scope for team-based activities.
- Threats–flexibility leads to lack of focus, poor sustainability, lack of commitment, problems of selection of agencies, quality of advisers and recruitment problems.

60 Page 14 of PCR, March 2003.

The PCR includes a review of the ‘Collective Impact of (individual) Projects’. This review refers to “ a mosaic of development that will ultimately contribute to a stronger public service”. The PCR considers that individual assignments build a “cumulative effect of gradual strengthening.....particularly so if placements are made in a strategic manner and work to break down the ‘silo mentality’ that isolates agencies from one another.” The PCR recognised that coordination of outcomes was a problem and that isolated improvements “had little impact across the public sector as a whole”. The PCR believed that this situation had improved in the later part of ASF I and concludes that the net result of many improvements to the machinery of government has been greater than the immediate improvements with each recipient agency.

The PCR for ASF I refers to the absence of a monitoring framework and notes that this should be remedied in ASF II.

### **5.5.2 EVALUATION TEAM VIEWS**

The PDD for ASF II (September 2002) includes in its Annex 1 a full listing of all placements, grouped according to areas of involvement. The dominant group by far is ‘Public Sector Management’, albeit broadly defined. As noted above, information on all placements is also included in the PCR for ASF I.

The evaluation team were challenged in assessing the achievement of objectives, as this involved looking at the achievement of many individual placements in many different agencies. The difficulties were accentuated because of the paucity of integrated monitoring and assessment of activities and outcomes. The exit reports and other placement documents were not analytical or evaluative in character. The evaluation team did not have resources to review all of the individual placements but was able to review a significant sample.

The evaluation team formed the view that ASF I largely achieved the specific objectives of placement and has provided a standard of outputs that are well regarded by the stakeholder agencies. Much of the credit for this rests with individual advisors, who have been professional, enthusiastic and committed. However, the evaluation team noted that the collective impact of the placements was uncertain. The range of activities was diverse and linkages with overall objectives were not clear.

Concerns about the suitability of Facility objectives in a strategic context point to the need for the Facility’s objectives to be clearly stated, the enabling framework to remain flexible and responsive; and for the AMC and AusAID to remain closely engaged with GoPNG stakeholders in managing the framework.

Some worthwhile successes were achieved throughout the life of the Facility. One example is the support given to the formulation of PNG's Medium Term Development Strategy (MTDS) in the Department of National Planning and Rural Development.

Another good example is the on-going program of change that is emerging in the Department of Lands. Senior departmental officers have emerged as strong champions for change, have a clear vision of the next steps to be taken, and the size of the advisory support roles that will be needed. They want to limit the support at any time to two advisors of two years duration, which they consider will be about the absorptive capacity of the agency. The environment in Lands is highly receptive to further ASF placements, and land reforms are at the heart of the Somare Government's economic reorientation towards agribusiness in rural areas. The Department of Works is also developing an effective approach to organisational reform through the use of ASF.

Earlier comments referred to concerns about access to counterparts and skill transfer. Some of the factors that appear to influence the skills transfer process (and sustainability) include<sup>61</sup>:

- The capabilities and experience of advisors;
- Selection of advisors with cross-cultural sensitivity and good interpersonal skills;
- Selection of appropriate staff as counterparts in key local agency positions;
- Co-location of the advisor and counterparts for accessibility and relationship building;
- The use of techniques such as skill transfer agreements;
- The opportunity for local staff to access on-the-job based training relevant to the work area, particularly in relation to office management methods and techniques;
- The opportunity for local staff to develop skills in problem solving and results-based management;
- The opportunity for counterparts to utilise the skills developed in a supportive environment; and
- Reduction of the risk of loss of knowledge and experience amongst local staff counterparts by the use of multiple counterpart arrangements.

Some of these factors are dependent on the design and contracting processes undertaken by AusAID, some are the sole responsibility of the partner government and some need a partnership approach. Given the resources spent on fielding advisors, the use of these and other techniques to achieve improvements in the skill transfer process would represent a wise investment.

61 Incorporating factors identified in RISTAF, November 2002.

The evaluation finds that the ASF has been relevant to the Country Program, notwithstanding the apparent tensions between the original design and later developments as a result of AusAID's progressive engagement with Direct placements. The Facility has enabled advisory support to be mobilised and sustained for Drought Relief, the Bougainville Peace processes, Public Sector reform and PATTS; as well as to a large number of GoPNG agencies in the area of management reforms. However, there are many issues to address as the activity moves formally into a second phase.

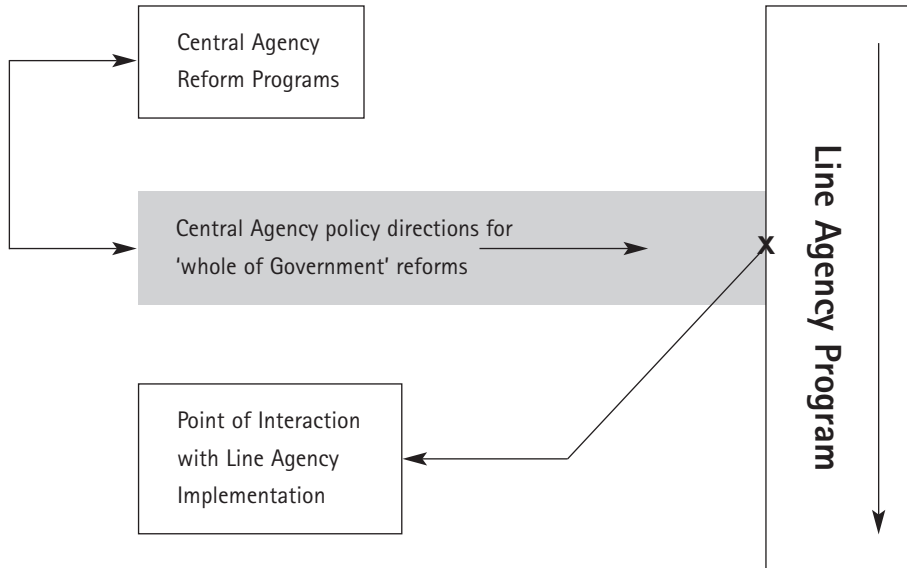
## **5.6 Partner Government support and dialogue in country**

As noted earlier, the original design for the ASF included a Facilities Management Group (FMG) with GoPNG chairmanship. In the event, the FMG remained a small steering group that did not have the capacity to meet as frequently as was originally planned and had very limited capacity to support professional management of the Facility.

The role of the FMG was limited to considering placement recommendations prepared by the AMC in its capacity as FMG secretariat. The MTR noted this limitation and the evaluation team found that this remained the case to the end of ASF I. The FMG appears to have undertaken its work in a routine way and has not undertaken a more strategic role, or adopted a results-oriented approach, by monitoring placements or assessing outcomes.

The ASF, through the AMC, has demonstrated a capacity to develop effective partnerships with specific agencies in GoPNG, where Standard placements are involved. The promotional campaign at the commencement of the ASF was conducted effectively and generated a high level of interest in the Facility amongst agencies; and early successes in making effective placements have given the project team a sense of confidence. This was reflected in the interviews held in the field with AMC staff and PNG Agency officials.

Since mid-2001, AusAID has progressively taken up the Central Agency policy engagement role. However, the evaluation team concluded that various issues (such as AusAID's transfer of activity management to the Post) may have diverted attention away from the pursuit of dialogue about ASF activities. Effectively shaping future arrangements so that this function is better managed is one of the key practical issues that need to be addressed.



The evaluation found two distinct ‘directions’ in relation to future dialogue about ASF activities. The first ‘direction’ is ‘horizontal’ across the ‘whole of Government’ and concerns the degree to which ASF overall priorities and objectives link clearly to GoPNG development policy and AusAID Country Program priorities. The second ‘direction’ is ‘vertical’ and concerns the degree to which individual advisor objectives are linked with the implementation of GoPNG functional reform programs through line agencies and provincial sectoral divisions. The evaluation finds that there is an obvious and important point of interaction between these two ‘directions’ of dialogue. The diagram below illustrates this interaction.

The evaluation considers that the nature of the dialogue that needs to take place along these two ‘directions’ is different and this needs to be recognised and acted on for the future.

AusAID has gradually moved towards a process of progressive engagement with the Central Agencies of GoPNG, but the process and scope of the dialogue is less well formed than it has been at the sectoral and line agency level. There is therefore scope for closer dialogue about priorities and objectives for ASF assistance to Central Agencies.

ASF support for line agencies appears likely to focus on high-level mentoring for change management and involve greater technical support to implement reforms designed and being promoted by Central Agencies. These line agency tasks may be more discrete and therefore less likely to need extensions of placements if well designed. However, without effective networking with line agencies and appropriate support, Central Agency reform initiatives are unlikely to be successful.

The evaluation team notes that several features of ASF professional management need to be strengthened for a more integrated approach to advisor placements to be effective in future. These professional management features are: (i) an agreed development policy framework; (ii) clearly defined roles and responsibilities for all stakeholders; and (iii) an effective communication strategy to ensure all parties remain fully informed of any policy developments, and (iv) a more effective focus on counterpart development and skills transfer.

## **5.7 Comments on key issues arising for the future (ASF II)**

The difficulties and changes outlined above over the life of ASF I suggest a challenging outlook for ASF II, which commenced in April 2003. The PDD for ASF II had a difficult gestation and a number of drafts were prepared before a final version emerged. At the time of writing, progress in implementing ASF II has been limited. In addition, the high-level discussions between Australia and PNG about enhanced assistance add a new dimension, as the ASF mechanism is likely to be called on as part of any revised or intensified program of TA, particularly in the area of public sector reform.

There are obvious uncertainties that need to be resolved if ASF II is to be successful and provide value for money for the indicative budget of \$30 million over 3 years.

It is probably easier to describe the expected role of the ASF than it is to describe what advisers will be asked to do and how they will work together and with counterparts. The view of the evaluation team is that the primary role of the ASF should be as an employment and support mechanism for the placement of advisers agreed by AusAID/Australia and GoPNG. In ASF I, particularly in the early stages, the role went beyond that into promotion and selection of activities. This change in role needs to be clearly understood by all parties if later problems are to be avoided.

The more difficult challenges for the future lie in determining the program of work to be undertaken, and its scale and pace. One of the fundamental issues is the need for ASF activities to be placed in a strategic context, and for ASF placements to have relevance to the strategic context and to be focused on priority issues. The Scope of Services clearly indicates that an emphasis on public sector reform is to be pursued (and indicates broadly that some 70% of resources might go to projects in this field, although this is not fixed). AusAID has already started to develop its approach in this area (for example, in regard to current assistance to Treasury on management matters, DPM, including on payroll matters, the PSC and the Audit Office) but this approach needs to be developed further and settled with GoPNG. The high-level discussions, and related follow up, should resolve this.

One approach that is needed is the development of intermediate objectives or priorities to guide the selection of fields for placements. It is difficult to develop effective individual placements against very broad strategic objectives. Put simply, in the PNG environment almost any potential placement can be seen as having some linkage or relationship with high-level objectives. Carefully chosen intermediate objectives can be used as filters, and as aids to assessing priorities.

The latest Scope of Services for ASF II<sup>62</sup> reflects a slightly altered goal (from ASF I) *"to improve the quality of service delivery provided by the Government of PNG and its agencies' and the considerably changed purpose of "effectively provide a flexible, efficient and accountable ASF that will be responsible for the provision and management of advisory personnel to GoPNG agencies"*. The latter purpose<sup>63</sup> is more clearly focussed on the Facility's delivery and support roles.

There could be some grounds for querying the continued use of the term *'service delivery'* as this can have many interpretations and might lead thinking towards specific delivery functions in line agencies. What actually appears to be intended is to provide assistance which will improve performance, and build capacity, in key areas of Government, particularly in the Central Agencies of GoPNG.

A statement of intermediate objectives would clarify this. So far, intermediate objectives are missing, although they might emerge from the strategic planning processes embodied in the ASF II design. There is to be a Facility Plan providing an overall framework for the Facility, an Annual Strategic Plan and a six-monthly Management Plan. At the time of writing these planning activities are still to be settled.

62 Schedule 1, Scope of Services, PNG Advisory Support Facility–CON 7716, Amendment No., AusAID, 2003.

63 Ibid. Page 2.



There is a growing realisation in PNG that a whole-of-government approach is required to turn around current public service performance problems. To give sustainable support to such an effort, placements will need to be more integrated and coordinated in the areas that they respond to and the professional activities that they engage in.

There are opportunities for a high-level steering group to play a larger role in facility direction setting, but only where it has more depth and capacity. There appears to be scope for the FMG to be involved in this dialogue. However, the evaluation team notes that the role of the FMG in the past was limited primarily to assessing submissions from the AMC and there was little engagement on issues of policy or policy implementation. The role and capability of the FMG would need to be addressed.

It is also likely that more structured and somewhat longer-term placements will be needed to have better prospects for effectively supporting change management processes, integrated with broader reform activities. This may involve some advisors working on a 'lateral' basis across departments on key reform issues, rather than 'vertically' in one agency, as occurred in ASF I.

Specialist advisory, facilitation, or team leader support may be needed to reinforce professional management capacities; this could also help streamline and enhance reporting and monitoring capabilities. Such appointments may be relevant where larger numbers, or teams, of advisors congregate in some priority areas.

A discussion of specific issues for the future follows:

(i) **Project management and guidance:** There is a need for an effective high-level steering group to play a larger role in Facility direction setting and advisor selection and placement. This is a role for the new FMG. The FMG proposed for ASF II has an increased number of members and includes more members from central agencies; this is a positive development. A stronger FMG could play a more active role in guiding the Facility and in ensuring advisor placements are appropriate, and properly linked and coordinated with other key activities and technical assistance.

In addition, GoPNG and AusAID development policies, including any changes, must be well understood by individual advisors. Many advisors interviewed by the evaluation team noted that an ideal forum for such professional updating and information exchange would be a regular seminar series. These could be jointly hosted by AusAID and GoPNG and delivered quarterly, or as appropriate. One outcome from such forums could be advisors re-orienting their TOR to ensure consistency with changing policy directions.

**(ii) Team or group placements:** To date, ASF placements have been made on a single person basis. Where more than one advisor was made available to an agency this was not regarded or designated as a team approach. If larger interventions with Central Agencies are contemplated, a more deliberate team approach may be warranted. Team leader support may be needed to reinforce professional management capacities; this could also help streamline and enhance reporting and monitoring capabilities. Such appointments may be especially relevant where larger numbers of advisors, or teams, congregate in higher priority areas.

**(iii) 'Advising' or 'doing'?** A further issue concerns the nature of the advisory role undertaken, and pressures which arise for advisors to undertake functions which are 'line functions'. Advisors indicate that in some circumstances they find it necessary to carry out 'line functions', at least to meet urgent requirements. The ASF guideline is however to avoid 'line functions' and ensure skills transfer is occurring. In some areas where relevant skills are lacking, this is more easily said than done. This issue is growing in significance.

**(iv) Quality of candidates for placements:** If more complex or interdependent placements are to be made, the question of availability of good quality candidates will come into sharp focus and may put pressure on the AMC in carrying out its recruitment role. This has not been a major problem during ASF I, but it could be an issue, as the focus moves more to the Central Agencies, and personnel with specialised skills in high demand are sought for placements. Key personnel which could be the target for recruiting are largely found in the various levels of government in Australia (and New Zealand) and may not be readily available for consulting placements. New linkages with Australian government agencies may be required and more transparency about salaries and allowances available may also be required to assist recruitment.

**(v) Counterparts and skills transfer:** This has been discussed earlier. It will need considerable attention in the future.

**(vi) Transition pathways:** Another area causing some concern to GoPNG agencies, AusAID and Facility management is how to address future 'needs' as the period of an appointment approaches its conclusion. This can arise (a) when the diagnostic and shorter-term activities of an advisory input conclude, or (b) when an 'extension' of an appointment is sought. A review model is required which allows additional or other modes of assistance to be looked at when conditions show they are warranted.

The evaluation team notes the importance of having clear and well-understood 'transition pathways'. Future facility activities should include processes for evaluating the next steps with the host agency. Guidelines are needed on how to respond when an activity 'breakout point'<sup>64</sup> is reached. Options include intensification of support, or developing another possibly larger and longer-term form of AusAID activity; or ASF involvement may be regarded as concluded, or suspended. It may be appropriate to consider a TAG or similar type review in major instances.

**(vii) Extensions:** A constraint on adviser extensions has been built into the ASF II Scope of Services<sup>65</sup>. The decision to restrict advisor placements to a maximum of two years, including extensions, may need to be revisited, and/or clarified. This is not to say that the discipline of identifying discrete advisory activities with concrete outputs proposed for ASF II should be set aside, but to recognise the need for flexibility. At the same time, there is a need to avoid a reliance on the ASF as an Australian -funded staff resource pool to be accessed readily, because of its flexibility and convenience.

As noted above, practice in this area needs to be developed. The Facility needs to have guidelines on how to respond when an 'extension' is sought. GoPNG needs to be given advice and guidance on AusAID policy in this regard. At the minimum, a checklist to test conformity with priorities and overall objectives is needed.

**(viii) Monitoring and assessment:** This shortcoming is addressed in the PDD for ASF II, which requires the preparation of a comprehensive Monitoring and Evaluation Framework. An effective monitoring and evaluation process for the work content of individual placements would provide a mechanism for professional review of progress and performance.

The evaluation team considers that the appraisals of individual activity outcomes, and their relationship with broader objectives, need to be addressed for the future. The AMC began to develop a management database model towards the end of ASF I that offers potential for greater substantive analysis of technical placements in ASF II. The database being developed for use in ASF II may need to be more directly resourced to produce this type of output from the Facility.

64 The term "breakout point" is used in project management to identify the point at which a new structure or approach is required to manage a greater volume of activity. There are fixed costs associated with passing through this point, in AusAID's case these would include Activity Identification and Appraisal costs.

65 Page 2, Scope of Services, Advisory Support Facility-Phase II. AusAID CON 11069 Schedule 1, 2002

The evaluation team concludes that the first Annual Plan for ASF II needs to incorporate an activity to properly analyse and scope the extent and format of data collection needed to support all information requirements from the ASF database. A cost-benefit analysis can then be conducted to inform any decision taken about further developing this database capacity in ASF II.

More generally, the FMG could play a bigger role in monitoring and assessing the outcomes of placements. The evaluation team notes also that the use of a Technical Assessment Group could assist the analysis of outcomes for individual activities or groups of activities.

**(ix) Risk management:** The evaluation team considers that the current allocation of risk between the parties needs to be formally documented for ASF II. This is because AusAID, by taking responsibility for the identification of activities and advisors' roles in Direct placements, should accept part of the risk associated with ASF. The extent of this risk should be assessed through the development of a Risk Matrix and amelioration strategies developed.

**(x) Inter-action with other donors:** New developments with other donors could expand the demand for ASF resources. The Asian Development Bank, World Bank, and some bilateral donors, have active interests and programs in the fields of governance and PSR. These interests inevitably affect demand for ASF support e.g. parts of the Project Maoro payroll activity (initiated with ADB funding) have been supported by ASF advisers, and the PERR (joint donor) activity is likely to affect demand for ASF in certain Budget and related financial management areas. The ADB TA in PSR/DPM has a potential need for additional advisory support. The ASF mechanism can be valuable because of its quick response nature and the scope for expansion as needs are clarified.

## **5.8 Impact and Sustainability of outcomes**

There are several sustainability issues, which depend on the nature of the agency, the level and availability of counterpart and type of activity engaged in by the Advisor. These issues can be placed in a sustainability matrix for advisory placements, as set out in the Table below.

Sustainability of single placements, in isolation, is doubtful. Frequently, sustainability of placement outcomes is dependent on external factors. For example, if legislation or regulation is required to ensure sustainable outcomes of a placement, this is dependent on Central Agencies concerned with administering or amending legislation and regulations, arranging funding or otherwise supporting change. The greater the dependencies, or reliance on external actors, to realise the ultimate objectives of a placement, the less likely is sustainability.

Similarly, the shorter term a placement is, the less likely it is to have sustainable outcomes. In addition, the receptiveness/support of the agency and the seniority and availability of advisory counterparts affect the likely sustainability of the outcomes from a placement.

As noted earlier, the ASF I database discloses that a total of 32 ASF placements proceeded to conclusion without counterparts, a statistic that would indicate a prima facie case for limited sustainability in this 27% of placements. This highlights one key problem of sustainability of activities under ASF.

The table below attempts to summarize the likely sustainability of an ASF placement.

**Table. Suggested categorisation of Sustainability**

<b>ASF placement type</b>	<b>Short Term, with dependencies</b>	<b>Short term, without dependencies</b>	<b>Medium Term, with dependencies</b>	<b>Medium Term, without dependencies</b>
Creating a "beachhead" presence in a strategic agency	None	Low	Low	Low
Rapid response to technical skills "gap" in GoPNG	Low	Medium	Medium	High
Support for change management processes	None	Low	Low to Medium	Medium to High
Member of an advisory group, or team	Low	Low	Medium	Medium

While the sustainability of specific benefits is limited in shorter-term activities, there are particular conditions under which these can be realised, and ASF has examples of these. As the level of internal and external dependencies rise, so the probability of sustainability for a short-term advisory placement will diminish.

A matrix of probable sustainability along the above lines could be a useful tool for the future because it would steer the AMC and FMG towards pragmatic TOR for advisors, as well as informing the FMG about possible transition options and inter-dependencies from the outset of the placement.

There is a growing realisation that a whole-of-government strategic response is required in PNG to turn around current public service performance problems. In order to give sustainable support to such an effort, placements will need to be more integrated and coordinated in the areas that they respond to and the professional activities that they engage in. It is also likely that some longer-term placements will be needed to improve prospects of effectively supporting change management and achieving sustainability.

## 5.9 Lessons

The evaluation team noted the fundamental importance of having a strategic approach to the use of ASF. Without this there may be a scattergun effect, and even if individual activities are well done, the overall outcomes may have little strategic significance. This is a situation to be avoided.

The ASF I implementation identifies the following more specific lessons for advisory facilities:

- Several streams of advisory activity can readily be encompassed by one facility manager, but proper risk assessment, categorisation and documentation of placement types and clear roles and responsibilities need to be in place and understood by all stakeholders.
- A strategic framework and approach is essential to guide placements, and intermediate objectives are necessary to assist with priorities and filtering proposals.
- Proper categorisation of each placement before committing funds is likely to clarify respective roles, signal future resource implications, reflect sustainability characteristics and lead to realistic placement TOR.
- Quality of advisors is a key determinant of success.
- Close attention needs to be given to counterpart arrangements and skills transfer activities.
- Team-based activities may be necessary to deal with bigger and more complex issues.
- A focus on management development may be necessary to ensure effective outcomes in organisational reform.
- Strong administrative management is essential to realising the potential of any facility, poor execution will blunt the ability of the facility to meet its objectives;

- Effective professional management of advisors is essential to maximising the ‘learning’ characteristic of the facility; this needs to be built into the design and be properly resourced from the outset. Generalist management cannot fulfil this role effectively;
- Learning will only take place where effective reporting and monitoring is built into the design and there are sufficient resources for analysis of findings;
- Well-understood pathways for transitioning from ASF to other activity types, if any, need to be built into the design and any “breakout points” identified promptly for all stakeholders.

In terms of a strategic framework, the new Strategic Plan for PSR in PNG should help ASF to become more focused in its activities in support of PSR under ASF II. The priorities set out in that Plan should be used to guide the future activities of ASF.

## 6 COMPARING AND CONTRASTING

In its Desk Study, the evaluation team noted that it would pursue an approach of '*comparing and contrasting*' to ensure that it highlighted not only the major specific characteristics of each project, but also the major points of differentiation between the varying approaches to institutional strengthening, capacity building and flexibility in providing TA. In this context, the team sought to draw out relevant comparisons and contrasts, which might help clarify the relevance and benefits of using the various models most effectively in the PNG context.

In following this through, the following reference table was prepared –

**Table. Comparing and contrasting the three projects**

Topic	OCISP	PATTS	ASF I
Expenditure	\$6 million	\$6 million (a)	\$36 million (a)
Project design	'Design and implement' project; regarded as good example of integration	No formal design; commenced as 'twinning' arrangement and expanded over time; recent concern about design issues and coordination	PDD document but various problems identified by OAG and MTR; emergence of Direct placements expanded the design over time
Key characteristics	Set piece strategic intervention in a high priority area	Very flexible smaller scale specific activities, meeting specific needs in a high priority area	Very flexible smaller scale specific activities, aimed at meeting nominated needs in a wide variety of areas
Timing	Time limited under project design, but extended as requested to ensure results.	Open-ended, although some funding elements are time limited e.g. under ROU	Phase I time limited originally but time was extended and ASF II now being implemented.
Working model	Project team model; good working relationship with recipient agency	Individual placements; no team concept; innovative elements; including visits to Canberra for PNG officers and later use of Economic and Financial Adviser	Individual placements; no team concept; diverse range of Standard placements; FMG to help coordinate; increasing role of Direct placements in later stages



Objectives–			
(a) overall objectives	generally related to good governance	very ambitious and broad	focus on service delivery and improving expertise
(b) intermediate objectives	good; project focused on very specific objectives	not clear; primary areas identified but not wholly followed	no clear intermediate objectives under ASFI
(c) inter-relationship between (a) and (b)	good	mixed	area of uncertainty
Achievement of objectives	Good; marked by detailed 'Milestones' under the project model	Variable, high level objectives not achieved; some good results at the very specific activity level; has helped identify challenges for the future in this important area.	Variable, high level objectives probably not achieved; generally good at the level of specific activities but somewhat 'scattergun'; now becoming more focused.
Project management	Good	Variable	Variable
Annual plans	Yes	Envisaged, but not provided	Annual plans for ASF; concentrated on specific activities
Payments/incentives	Payments based on 'milestones', which acted as an incentive	Individual advisers paid on a short term basis or annual basis; no 'milestones'; some extensions agreed	Individual advisers paid on a short term basis or annual basis; no 'milestones'; extensions commonly agreed
AusAID involvement	Normal for project activity	Major, including relations with Treasury and E&F adviser and Direct placements	Major, including relations with FMG, AMC and Direct placements

Flexibility	Minor; time extensions	Major; ranging from economic techniques to policy support; included urgent assistance	Major; ranging from beach-head approach to policy support; assistance under Direct placements to priorities
Monitoring and evaluation	In-project and external (TMRG); 'milestones' meant regular review of progress.	No significant monitoring and evaluation although E&F Adviser undertook some specific monitoring	Regular routine reporting, QAG review and MTR; but no significant professional assessment of content of individual activities.
Inter-dependencies	Did not appear major. Legislation in place. Dependent on future Budgets.	Major inter-dependencies not always recognised	Major inter-dependencies not always recognised
Impact and sustainability	Considerable impact; good prospects of sustainability	Variable; good impact in specific areas but sustainability against strategic objectives is doubtful.	Variable; good impact in specific areas but overall sustainability uncertain to doubtful.
Future outlook /follow-up	Desirable; new Law and Justice sector-wide program will assist	PERR indicates need for follow-up. More structured team-based approach desirable.	ASFII with greater focus on public sector management now underway

(a) includes placements under PATTS, so there is a degree of duplication in these figures; refer to earlier discussion of ASF expenditures.

Additional comment and analysis of these models are provided in the concluding section of this report.

## 7 BENEFITS AND COSTS

The TOR for the evaluation invited the team to look at a benefit-cost analysis. The team concluded that this was not practical, at least not in terms of the usual method adopted for such analysis. However, the team did address the issue and noted the following:

- Direct financial costs can be identified (and are presented in this report), although the evaluation team noted that some of the financial data could be organised differently in the future, so as to assist analysis. In particular, there were difficulties in understanding fully the financial data for different categories under ASF, and its inter-relationship with PATTs.
- Quantitative benefits are much harder to assess in projects such as these. What financial value can be put on having a more effective OC? If prevention of possible corruption or mismanagement saves some millions of dollars in the use of public funds, this would obviously be a direct and relevant benefit, but there is no way of generating realistic data, and any broad assumptions or estimates would have doubtful credibility. Nevertheless, it can be argued that OCISP has provided ‘value for money’ and represents something of a benchmark for a successful project in the PNG environment.
- Similar questions could be asked about the benefits from PATTs. Expenditure on PATTs might be seen as relatively modest, but so are the results to date. Again the benefits are potential and unmeasurable. There may be significant savings from assistance provided on expenditure control or taxation policy and administration, but there is no way of measuring such gains. Given the similar amounts spent on OCISP and PATTs, it is interesting to speculate on ‘value for money’ in regard to the two projects. The nature of outcomes to date would suggest that benefits from OCISP are greater than from PATTs, but no absolute assessment is possible.
- The picture is more clouded for ASF. Expenditure has been substantial at about \$30 million and the benefits have been assessed as disappointing. To take the comparative analysis a little further, if OCISP, with expenditure of about \$6 million, is taken as a benchmark (or ‘unit’ of good performance), then one might ask whether ASF has produced the equivalent of five outcomes comparable with those of OCISP. Clearly this is not the case, and this simple comparison highlights the lack of effectiveness in ASF I, from a strategic viewpoint. The nature of problems and issues in this area have been discussed in detail earlier and are not repeated here.

The plan for ASF II is that it will be funded to the extent of \$30 million over the next 3 years and there is a challenge in obtaining better value for money than in ASF I.

One related consideration in this regard is that of ‘opportunity cost’, the economic concept associated with the hypothetical question “what else could be done with this funding, as an alternative?” Opportunity cost is an issue in relation to ASF, and may become more of an issue if better results are not obtained. More generally, there is a view that opportunity cost is a non-issue in PNG because of Australian commitments to maintain a certain level of overall financial support for PNG. To the extent that such a view exists, it clouds the perspective about ‘value for money’.

## 8 CONCLUSIONS AND LESSONS

Detailed conclusions of the evaluation are included in the earlier discussions of the achievement of objectives in particular areas, and related comments.

The AusAID projects under review in this evaluation have contributed to PSR in a selective way, namely in the area of good governance and accountability (the OCISP), economic and financial reforms (PATTS), and indirectly through ASF, in various areas of management improvement in policy and line departments, and through direct support of the work program of PSRMU and CACC. However, these projects represented only a small part of the potential coverage of the PSR agenda. The activities were specific and focused and were not intended to represent an integrated approach to PSR. There have been many other players active across the PSR field and, as observed throughout this report, these activities have achieved only modest overall results and progress to date with PSR remains less than satisfactory.

One general conclusion is that the understanding of the scope and coverage of the PSR agenda needs to be better understood so that particular projects and activities can be placed in a strategic context, and accorded realistic prioritisation. A strategic approach is critical to the selection and implementation of TA of the types covered by this evaluation, supported by practical intermediate objectives. Without such an approach, TA is likely to have an ad hoc character, without much sustainability. Even if specific activities are well handled and effective, their cumulative effect will be insignificant if they are not linked with strategic objectives.

The three specified activities represent quite different models of TA.

The OCISP is somewhat different as an institutional strengthening project in that it was a 'design and implement' activity. Substantial diagnosis was done during the design period and linked with the development of a Corporate Plan for the organisation. The project then proceeded as a 'set-piece' project and was extended to assist in achieving a satisfactory result. The OCISP has been successful and reflects characteristics of a very discrete, well-defined public sector reform activity, designed with good professional content and a good approach to implementation. The Commission's role in Leadership Code matters has helped provide strong momentum. Supplementary factors such as growth in Budget funding and a degree of HR flexibility have helped. Nevertheless, it is evident that some follow-up activity is desirable and fortunately this is being provided through inclusion in a new sector-wide approach. This supplementary activity has a substantial degree of flexibility and may need to be continued for some time to support sustainability.

One could not leave the OCISP without noting some questions about conventional or 'set piece' projects. One question concerns their selection in a strategic context. Which organisations (or activities) should be selected for this type of approach? Is a one-time model of design (albeit 'design and implement') likely to identify the right issues and needs? Can flexibility and innovation have significant roles when there is a formalised design, and competitive bidding is applied? Is the emerging approach to sector-wide programs (as in Law and Justice) better placed to deal with the setting of priorities and issues of local ownership? Or are models of gradual engagement such as twinning or ASF likely to prove more effective?

By way of contrast, PATTS commenced as a direct 'twinning' project on an institutional cooperation basis, in a high priority but sensitive area, and while it has expanded by using ASF sourced supplementary resources, the 'twinning' element remains a key professional part of this activity. PATTS has provided professional assistance in the specific parts of economic reform, often on a very flexible basis. PATTS has been based on very broad strategic objectives, but in practice has relied on individual placements with specific objectives, with a modestly growing degree of coordination as time has proceeded. The expansion of activities under the PATTS 'banner' is leading to suggestions that more of a team-based approach, with more coordination, may now be warranted. At the same time, corporate planning needs and change management issues are being recognised and it could be said that the PATTS activity is likely to move somewhat closer to the project model, albeit one with a considerable degree of flexibility and innovation. Because of the nature of the activity and its fundamental importance, engagement in this area may need to extend over a considerable time. In this regard there is a significant difference from the self-contained and time limited conventional project model. While twinning arrangements lend themselves to flexibility and innovation, they need to incorporate key elements of the project approach, in the areas of setting specific objectives, the use of planning, time-limits on specific activities and achievement of 'milestones', risk management, and stronger monitoring and evaluation.

ASF is very flexible and can be used for a wide range of activities, which can be evolutionary in character and lead on to more structured approaches in high priority areas. In this, there is a parallelism with PATTs, and as discussed earlier there is an overlap in that ASF has been used for employment administration and support where supplementary staff resources have had to be recruited for PATTs. The use of individual placements can result in difficulties with sustainability, and issues about transition pathways to other development activities. This is reflected in the way some ASF placements are described as 'beach-head' activities, or in other words as having an exploratory, scoping or pilot character.

The high element of diversity in ASF I has resulted in a design change in ASF II to ensure a stronger strategic framework for placements, with much more emphasis on supporting public sector reform initiatives. The current transitional period is an opportunity for the practical aspects of implementation to be developed within a more strategic context. In particular, intermediate objectives need to be established to assist with prioritisation and planning. With the emerging focus on public sector reform, ASF II might come, in some ways, to resemble a sector-wide program approach. Evolution along these lines would desirably include the development of 'milestones' to register progress and a planned program of monitoring and evaluation.

Developments with PATTs and ASF will require a closer degree of collaboration with GoPNG. In the past, this collaboration may not as been as effective as it might have been, particularly for ASF activities. The strategic and intermediate objectives for ASF II need to be established and agreed. There needs to be more effective engagement on these issues and new FMG needs to be fully involved. AusAID should be prepared to engage in an active program of consultations and for its part GoPNG needs to provide support for continuing involvement of its senior officials. This is a two-way process and progress will be dependent on appropriate engagement and cooperation.

Considerable scope exists for more extensive involvement by AusAID to support PSR initiatives in the future, and ASF II is intended to be targeted primarily at supporting public sector reform. However, even with the best of intentions, and planning, progress will only be possible if certain pre-conditions are met. These relate to the establishment of an agreed strategy with GoPNG and a strong commitment by GoPNG to improve implementation<sup>66</sup>.

66 In this context, the evaluation team noted the joint Ministerial discussions in September 2003, and the Ministerial agreement in December 2003 that there would be further assistance in the areas of macro-economic management and public sector reform.

## 8.1 Lessons

Specific lessons identified for each activity are set out under the respective section earlier in this report. General lessons are summarised below.

### The direction and prioritising of assistance

The scope and coverage of the PNG PSR agenda needs to be well understood, so that projects and activities to support it can be placed in a strategic context, and accorded realistic priority. A rigorous approach to this prioritisation is needed. This is true for PNG in general, and for activities such as PATTs and ASF under review here.

Counterpart agencies to be assisted should be selected on their significance in the overall context of good governance/PSR and the potential for a successful activity to have a gearing up effect on performance and effectiveness in advancing the good governance/PSR agenda. Such agencies in PNG include the Public Service Commission and the Auditor General's Office.

For each proposed intervention (such as PATTs or ASF), the strategic framework must set the scene and show the sound inter-relationship between overall objectives and the intermediate objectives applicable to the intervention. Intermediate objectives must provide a clear link between the broader strategic objectives and the specific activities. Attention should be focused on a short list of strategic objectives, rather than on long lists of activities of a 'shopping list' nature

The enabling framework needs to remain flexible and responsive; and the AMC and AusAID must remain closely engaged with GoPNG stakeholders in managing the framework.

### Design

Following reviews in 1999 and 2000 AusAID's Quality Assurance Group identified the most common weaknesses in activity design. Several of the activities assessed here would have been strengthened if they had been aware of, and heeded, the lessons for project designs from that review, including:

- Ensure activity objectives are clear, measurable, appropriate and realistic.
- Include a risk analysis and management plan which is clear and comprehensive.
- The sustainability analysis and strategy should address how the project will maximise sustainability of benefits.



- The monitoring framework should be comprehensive and show how performance information will be provided against Logframe indicators. The Logframe and monitoring framework should be kept under review and updated if required.
- Design should include an explicit link to poverty reduction.

Other issues that have been identified by QAG and other reviews and are highlighted by this evaluation include:

- The benefits of partner agency/country participation in the design process for the assistance activity.
- The need for continued high level support, including ‘champions’ in the PNG counterpart organisation.
- (High level) counterparts for advisers are an absolute requirement for the success of TA activities.

#### **The importance of the implementation environment.**

The variable successes of the two main modes of intervention examined in this evaluation (project and Technical Assistance Facility [TAF]) and the variable success within ASF and PATTS show that more attention should be given to the implementation environment. For example, the capacity to absorb assistance, in relation to the assistance offered, is an important determinant of the effectiveness of TA initiatives, as are the ‘dependencies’ required for effective outcomes.

A more comprehensive ‘road-testing’ of proposed initiatives with the GoPNG is required to identify the appropriate ‘horses for courses’. In so far as the ASF model will continue in some form, there is already substantial information available in the AMC records of reports from advisers. An assessment of this information is recommended, as it could provide guidelines to both improve the rates of success of individual placements, and show when more extensive or alternative forms of assistance will be better or, conversely, counterproductive.

#### **Role of the TAFs**

Notwithstanding discussions above, the question remains whether the primary function of the ASF AMC is to take the administrative burden of contract management from AusAID staff at the Post, or is it to provide professional support and monitoring to PNG agencies, as in the ‘standard’ placements in ASF Phase I? The evaluation team’s view is that the primary role of ASF should be as an employment and support mechanism for the placement of advisors agreed by AusAID and PNG. However, for this arrangement to work will require clear guidance and understanding of the respective roles and responsibilities of AusAID, the FMG and the AMC. The prospect of many more advisers and in-line placements in future makes this clarity more critical.

### **Policy, TA and management**

While attention has focussed on improving ‘policy’ and ‘technical capacity’ through activities such as PATTS and ASF, an equally, if not more important, need in many PNG agencies is an improvement in the quality of management and leadership. Some assistance has been provided under ASF with the preparation of corporate plans, but effective implementation of these may require additional assistance.

The key issues mentioned above are critically inter-linked. Public sector/economic/financial reform activities must be strategically developed, properly targeted and prioritised, and implemented in a way which strengthens the overall capacity and performance of PNG institutions in support of government priorities, not just improving specific technical performance.

# APPENDIX 1

## CLUSTER EVALUATION–TERMS OF REFERENCE

### Introduction

The ‘PNG Impact Assessment – Governance and civil society’, is a thorough, rigorous evaluation of the governance sector of the aid program to PNG, aimed at determining ‘what worked, what didn’t, and why?’ The full assessment will inform AusAID management, programming and policy decisions. It will also assist in assessing whether AusAID received value for its money. The Impact Assessment will cover the period 1 July 1992 to 31 December 2003. The cluster evaluation is a component of this larger undertaking.

### Background

Budget papers have only identified ‘governance’ as a sector for AusAID support in PNG since 1998–99<sup>67</sup>. By 2002–03<sup>68</sup> governance was allocated 31% of bilateral program resources and had four aims<sup>69</sup>:

To strengthen law and justice sector institutions;

To support effective economic management and policies that encourage the private sector;

To build public sector capacity to deliver essential services; and

To promote civil participation and representation<sup>70</sup>

The second and third of these aims are usually combined under the heading of **Public Sector Reform**.

67 AusAID (1998) *Australia's Overseas Aid Program 1998–1999* Commonwealth of Australia.

There is no integrated and current AusAID governance strategy for PNG. A number of relevant program activities have been brought together under the banner since AusAID recognised the importance of governance. However, Law and Justice was a discrete sector from the early days of the PNG program.

68 AusAID (2002) *Australia's Overseas Aid Program 2002–03* Commonwealth of Australia

69 Papua New Guinea Priority Sectors–Governance at <http://www.ausaid.gov.au/country/png/governance.cfm>

70 This focus is in line with the key aspects of governance as stated in the Minister for Foreign Affairs Eleventh Statement to Parliament on Australia's Development Cooperation Program. *Australian Aid: Investing in Growth, Stability and Prosperity*, p25.

This evaluation will examine three activities, either completed or nearing completion, that are intended to contribute to these reforms. These are:

### **OMBUDSMAN COMMISSION (OC) INSTITUTIONAL STRENGTHENING PROJECT**

The project's goal was 'to improve governance in PNG through a more effective contribution by the OC in ensuring that leaders and government bodies perform in a manner that is open, transparent, accountable, equitable and responsive to people's needs and aspirations'.

The 'objective' was 'to improve the work practices of the OC and the organisational vehicle which carries them to enable it to effectively discharge its role, purpose and functions'<sup>71</sup>.

The project was a 'design and implement' activity with design commencing in November 1997, implementation in May 1998, project revision in November 1999, and completion in September 2002, following an extension in September 2000.

The Australian (AusAID) contribution was \$5,735,313<sup>72</sup> with GoPNG contribution of \$553,123. The Managing Contractor was Educo Pty Ltd.

### **ADVISORY SUPPORT FACILITY PROJECT (PHASE 1)**

The initial aim of this project was 'to raise the level of expertise within government agencies to formulate and implement PNG government programs through the provision of short and long term advisory report'<sup>73</sup>.

The Australian (AusAID) contribution is expected to be \$32.8 million.

The project commenced in December 1996. MDG Pty Ltd was contracted by AusAID to act as Interim Managing Contractor for the period 31 October 1997 until 7 April 1998. SAGRIC managed the project for three years from December 1998. A Mid-Term Review reported in March 2001, and the project was completed in March 2003.

ASF Phase II commenced in January 2003.

71 Elsewhere stated as: 'to develop an appropriate organisational structure, effective work processes supported by IT systems, improved planning and performance management incorporating staff development, and an effective external relations program.'

72 As recorded by the Contractor. The total expenditure recorded on AusAID's AMS was \$5.946 million, which included other AusAID costs. Source: AMS

73 The aim of Phase 2 is 'to improve the capacity of PNG government agencies to plan, formulate policy and deliver services through the provision of short to medium term advisory support.'

## **PNG-AUSTRALIA TREASURY TWINNING SCHEME (PATTS)**

The objectives of PATTS are ‘to strengthen the economic policy capacity of PNG Treasury staff; to strengthen PNG’s budgetary systems; to provide advisory support to key agencies to promote corporate change, sustainability and skills transfer to counterparts; and to provide high level economic advice to the Prime Minister and Treasurer as a means to assist PNG with the general economic policy reform process.’

The activity commenced in early 1999 and is expected to be completed in December 2003. Total expenditure to date is \$3.3 million. The (Australian) Commonwealth Treasury is implementing the activity.

The evaluation will also consider, in brief, the PNG **Public Sector Reform Program**. This activity is part of the PNG Government’s broader structural reform program. It covers two broad areas of reform – strengthening economic management, and improving governance, in particular the integrity and efficiency of public institutions. The AusAID program focuses mainly on the Public Sector Reform Management Unit (PSRMU) and the Central Agencies Coordinating Committee (CACC).

## **Objectives of the evaluation**

The objective of the evaluation is:

To assess the relevance, efficiency, effectiveness, impact and sustainability of the activities.

One of the key outputs will be lessons learned about effective methods to design and implement public sector reform activities in PNG.

There was an extension to the above TOR to include discussion with PNG counterparts of the possibilities for a more extensive review of institutional strengthening/capacity building projects in PNG, including identifying objectives and possible methods for such a review etc.

## SCOPE OF THE EVALUATION

The evaluation will take due account of AusAID's Activity Quality Standards (See Appendix 1 for details). The evaluation will consider the following factors (to the extent that each is relevant to each of the three activities) in its assessment:

- (Briefly) The appropriateness of the objectives and the activity design in the economic and social development context of PNG, i.e.:
  - Appropriateness of the objectives.
  - Adequacy of the design process<sup>74</sup>.
  - Standard of the final design.
- (Briefly) The professionalism of management of the project, i.e.:
  - Timeliness of preparation and implementation.
  - Standards of the contract and project implementation by the contractor.
  - Strengths of partner government support and the value of dialogue in country.
  - AusAID management and use of resources.
  - Project monitoring and communication.
- (Substantively) The extent to which the project has achieved its goal and objectives, e.g:
  - Progress in achieving objectives.
  - Standard of outputs.
  - Extent of benefit to the target population.

If possible, a cost-benefit analysis should be undertaken.

- (Substantively) The sustainability of project outcomes, e.g:
  - Sustainability of benefits.
  - Sustainability of improved institutional capacity.
  - Maintenance of future recurrent budget.
- (Substantively) Positive and negative, primary and secondary (long-term) effects produced by the activities, directly or indirectly, intended or unintended.

Specific questions to be answered for each activity will be developed during the Evaluation Team's Desk Study of project documents and discussions with stakeholders.

<sup>74</sup> For example: Is the activity designed with appreciation of the principles for providing aid in Low Income Countries with weak government capacity?

## Reporting

The Evaluation Team will produce the following reports:

Method and work plan of no more than 6 pages, prior to the Field Review, to be prepared for the Evaluation Task Manager and the PRG.

*Aide Memoire*, at the completion of the Field Review. The *Aide Memoire* will summarise the Evaluation Team's draft findings and will be presented at a 'wrap up' meeting with counterpart agencies.

Draft Report of no more than 50 pages plus appendices, within two weeks of the completion of the Field Review, for comment by the Peer Review Group.

Draft Final Report of no more than 50 pages, plus annexes, in a format agreed with the Evaluation Task Manager.

Final Report, as for Draft Final Report.

## Team membership

An Evaluation Team of three consultants and the AusAID Task Manager will implement the evaluation. The Team members for this evaluation are – Denis Ives, Peter Heijkoop and Camillus Midire, and the Task Manager is Dr. Philip Fradd of AusAID's Office of Review and Evaluation.

One of the team members had held senior positions in 'central agencies' of the Australian Public Service and another member senior positions in central agencies of the PNG Public Service. The team had strengths *inter alia* in government sector planning, financial and personnel management, public sector reform and change management. All members had extensive personal experience working in PNG for the Government of PNG (GoPNG), AusAID, multi-lateral aid agencies, and/or private sector agencies.

## APPENDIX 2 EVALUATION TEAM PROGRAM IN PNG

Date	Time	Contact	Activity	Location
13 July 2003 (Sun.)	13:55	AusAID	Arrival	Airport
14 July (Mon.)	09:00-10:00	Jane Lake; Moale Vagikapi	Initial Post brief	AusAID, AHC
	10:30-11:30	Frank Willemssen	re Education ASF	AusAID, AHC
	11:30-12:30	Kirsten Bishop, Freda Talao, Pauline Nakmai, Moale Vagikapi, Romias Waki	re Law and Justice ASF; Ombudsman Commission Project; new LEUR program	AusAID, AHC
15 July (Tues.)	14:00-16:00	Ila Geno, Raho Hitholo, Stephen Mokis	Ombudsman Commission	Deloitte Tower
	09:30-11:00	Moale Vagikapi	Review ASF reports	AusAID, AHC
	11:00-12:45	Rob Christie	re ASF/PATTS	AusAID, AHC
	13:45	Peter Heijkoop	Arrival	Airport
16 July (Wed.)	16:00-17:00	Team	Review meeting	Hotel, Room 807
	09:00-12:30	Errol Cresshull, Alan Pope	AMC-ASF briefing	Ela Beach Tower
	15:00-17:00	Les Holland	ASF, Treasury/Works	Vulupindi House
17 July (Thurs.)	09:00-10:00	Bill Kua (DI, CM)	PSRMU and ASF	Morauta House
	13:30-16:00	Stephen Mokis et al (DI, CM)	Ombudsman Commission	Deloitte Tower
	09:00-17:00	Errol Cresshull, Alan Pope (PH, PF)	AMC-ASF detail review	Ela Beach Tower
18 July (Fri)	17:00-18:00	Simon Wallace	PATTAF/ASF links	Hotel
	11:00	Jane Lake; Moale Vagikapi, Jimmy Morona, Rob Christie	Progress brief	AusAID
	14:00-16:00	Mosilayola Kwayaila	re ASF/FMG/ISP issues	Vulupindi House
	17:00-18:30	Bevis Kennett	ASF, Lands	Hotel, Room 807



Date	Time	Contact	Activity	Location
19 July (Sat.)	09:30-11:30	Team	Review meeting	Hotel, Room 807
20 July (Sun.)	09:00-17:00	Report formulation		Hotel
21 July (Mon.)	08:30	Simon Tosali	Treasury	Vulupindi House
	10:00-11:15	Felecea Dobunaba	CACC	Morauta House
	16:00-17:15	Libby McMillan, Simon Wallace	PATTAF/ASF links	AON Building.
22 July (Tues.)	14:00	Nino Saruva	re PATTS	Vulupindi House
	16:00	Graham Mostyn	ASF, PSMU	Hotel, Room 807
23 July (Wed.)		Papua New Guinea - Public Holiday		
	12:00-13:00	Team	Review meeting	Hotel, Room 807
	13:30-14:45	David Craig	ASF, Forestry	Hotel, Room 807
	15:00-16:00	Kevin Playford	ASF, Treasury (PATTS)	Hotel, Room 807
24 July (Thurs.)	10:30-12:30	Ombudsman-detail (CM, PF)	Ombudsman Commission	Deloitte Tower
	11:00-12:00	Robert Harden	ASF, Planning	Hotel, Room 807
	14:00-15:30	Ian Gormlie	ASF, CSTB	Hotel, Room 807
	16:00-17:50	Philip Holdom	ASF, Superannuation	Hotel, Room 807
25 July (Fri)	09:00-10:45	Ross Allamby	ASF, Public Accounts-DoF	Hotel, Room 807
	13:30-15:00	Nick Poletti	ASF, PSMU	Hotel, Room 807
	15:15-16:30	Kathy Whimp	ASF, PSMU/ NEFC	Hotel, Room 807
26 July (Sat.)	09:30-12:00	Team	Review meeting re Aide Memoire	Hotel, Room 807
27 July (Sun.)	14:00-15:00	Team	Review meeting re Aide Memoire	Hotel, Room 807

Date	Time	Contact	Activity	Location
28 July (Mon.)	09:00	Secretary Works (Alphonse Niggins)	re ASF Works	Works, Waigani
	10:30	Alan Pope, AMC-ASF	Review discussion	Ela Beach Tower
	11:15	AusAID	Review meeting re Aide Memoire	AusAID, AHC
29 July (Tues.)	15:00-16:00	Secretary Lands (Pepi Kimas) George, Director Corporate Services Bromley, Deputy Secretary		
	09:30	AusAID	Re ASF, Lands	Aopi Centre
	11:00	Secretary-Central Supply & Tenders Board (Jake Sareman)	Final review	AusAID, AHC
	14:00-15:00	AusAID	Re: ASF CS&TB	CS&TB, Lands
	15:00-16:00	PNG Counterparts	Wrap up meeting	AusAID, AHC
30 July (Wed.)	08:00		Wrap up meeting	AusAID, AHC
	09:00	Treasury attachments officers	Depart (DI)	
	14:00	Chairman CS&TB (Phillip Stagg)	re staff to Canberra (PATS)	Treasury
31 July (Thurs.)	15:15	AusAID	re ASF CS&TB	CS&TB, Lands
	07:00		Re: ASF 'direct placements' procedures	AusAID
1 August (Fri.)	9:00	ASF AMC Project Director (Renee Schenkel) and Alan Pope	Depart (PF)	
	15:00		Debrief on ASF Evaluation	Ela Beach Tower
			Depart (PH)	

## APPENDIX 3

# RECOMMENDATIONS OF REPORT ON INSTITUTIONAL STRENGTHENING PROJECTS, NOVEMBER 2002

The Report makes 12 specific recommendations. These are:

1. Institutional strengthening interventions should be preceded by careful and systematic analysis and diagnosis of the development context, including the relevant country strategy, institutional and organisational frameworks, during which the dimensions that constrain effectiveness are highlighted.
2. Institutional strengthening interventions must be flexible, and this should be sought through strategies such as the use of TAFs, the use of progressive engagement, enforceable stop-go clauses in contracts, the use of rolling programs and the use of design and implement approaches.
3. Interventions aimed at institutional strengthening must be accurately scoped and have realistic goals and objectives that reflect the resource envelope available, Australia's capacity to assist, and fit with work of other donors.
4. Institutional strengthening projects must be appropriately staffed: design and implementation teams should include person(s) competent in organisational change management and technical experts must be able to effectively transfer and share their knowledge.
5. AusAID should seek to enhance partner government involvement in the design process and ownership of the resulting design through measures such as:
  - the inclusion of effective partner government members in design teams;
  - consultative or participatory processes at all stages of the situational analysis and the development of an intervention response;
  - effective communication programs among stakeholders during the design process including the use of appropriate language;
  - the subdivision of the overall design task into separate elements with review points in between to ensure that the local agencies understand and agree with each completed step; and
  - the return of external team members to workshop the draft design with stakeholders, particularly where the documentation has been prepared back in Australia.
6. AusAID should actively seek alternative contracting approaches for institutional strengthening interventions so as to achieve flexibility and effective enforcement where necessary.

7. Within institutional strengthening interventions, gender issues should be addressed centrally in the design of interventions and gender expertise should be explicitly included on both the design team and implementation teams. Where gender analysis guidelines are produced, they need to feed into positive actions taken within the intervention.
8. Excessive expectations of sustainability in IS/CB interventions should be avoided, and the present value and validity of an activity should be the focus, rather than speculation as to whether its mark will still be apparent three, five or more years into the future.
9. AusAID should:
  - increase the extent of its evaluation activities, at program, project, sub-project and thematic levels, using independent evaluators wherever possible;
  - benchmark the level and style of its evaluation activity against comparable donors;
  - make review and evaluation during and after significant projects normal practice;
  - require monitoring and evaluation frameworks to be completed prior to project inception; and
  - require all projects above a defined value to be the subjected of an independent ex-post evaluation.
10. A strengthened approach is needed in relation to lessons learned from institutional strengthening interventions. This should include formally recording lessons learned, and establishing better arrangements for discussion, discourse and formal learning within the organisation (e.g. through a more intensive program of internal seminars).
11. AusAID should:
  - implement improved internal knowledge management so that institutional strengthening designs can be improved, objectives made more realistic and the basis for effective work better laid; and
  - insist on a real performance information framework being established in every intervention at the outset, with projects being paused until such arrangements are in place.
12. AusAID should rewrite AusGUIDELINE 15 dealing with TAFs. The rewrite should incorporate the key principles identified in this report for the good design and management of TAFs.

## APPENDIX 4 OCISP – SIMPLIFIED LOGICAL FRAMEWORK MATRIX FOR YEARS 3 AND 4

Code	Narrative Summary	Verifiable Indicators	Means of Verification
Goal	Improved governance in Papua New Guinea (PNG) through a more effective contribution by the Ombudsman Commission (OC) in ensuring that leaders and government bodies (GBs) perform in a manner that is open, transparent, accountable, equitable and responsive to people's needs and aspirations	Improved understanding, support and use in PNG of the services of the Commission	Commission's records.
		Increased productivity of the Commission in investigating and reporting cases referred to it (by gender)	Number of cases completed by the Commission by gender as reported in the Annual Report contrasted with that planned for the year in the Ombudsplan.
		Increased understanding of and support for the Commission	Commission's records.
Purpose	To enable the OC to perform its Constitutional and Organic Law roles efficiently and effectively by strengthening its organisational and staff competencies	An improvement (positive changes) in the baseline performance indicators reflecting the Commission's responsiveness, timeliness, throughput, gender equity and budget management in relation to its program. Indicators reflecting these parameters are embodied in the Ombudsplan planning and management process	Data in databases of the Commission relating to the monitoring of the Ombudsplan and Commission work processes

Code	Narrative Summary	Verifiable Indicators	Means of Verification
<i>Component 1</i>	<i>OC Organisational Structure and Work Processes</i>		
Objective	To improve the work practices of the OC and the organisational vehicle which carries them to enable it to effectively discharge its role, purposes and functions	The Commission's efficient organisational structure	Increases in productivity in Annual Report compared with Ombudsplan
Output 1.1	Annual updates of agreed baseline performance indicators established in the year ending 1997	% complaints completed within X months of receipt; end of year % of complaints open 6 months and under; gender indicators such as %women employed x band level; % complaints lodged by women; % women participating in training	Strategic Plan, Ombudsplan, OC/HR database, CMS
Output 1.2	Implementation of work processes at work stations in new premises	Documented work processes implemented at work stations in new premises	Commission's records
Output 1.3	Establishment of security, contract and asset management procedures	Policies and procedures for security, contracts and assets management approved and implemented by OC	Commission's policies and procedures manuals.
Output 1.4	Manual of Professional Doctrine	Manual of Professional Doctrine available to Commission staff by November, 2000	Commission's records
<i>Component 2</i>	<i>OC Staff and Staff Development</i>		
Objective	To improve individual staff capabilities to enable the OC to effectively discharge its role, functions and responsibilities	Improved productivity of the OC	Comparison of activities in the Ombudsplan with those reported in the Annual Report

Code	Narrative Summary	Verifiable Indicators	Means of Verification
Output 2.1	Implementation of staff terms and conditions	Independent terms and conditions for Commission staff New terms and conditions will be incorporated into payroll system Staff will be paid according to new terms and conditions	Terms and Conditions received by MOC.  Salary records of Commission staff Personnel records of OC staff
Output 2.2	Implementation of Commission-wide performance management system	Performance assessments completed covering 100% of Commission staff. Evident link between staff assessment and the staff development program.	Individual staff records in Commission's database Survey of a sample of records in the Commission
Output 2.3	Completion of staff development program design	Report on implementation of staff development program disaggregated by gender, level, location by August 2000	Staff development report, Commission's training records.
Output 2.4	OC investigation staff skilled in undertaking a range of investigations	OC conduct successful investigations	Investigations concluded. Referrals to tribunal.
Output 2.5	Operational internal communications policy	Policy and procedures, including monitoring responsibilities available	Commission's records
Output 2.6	Selected staff trained in policy formulation	Commission policies demonstrating adherence to mandate and balance between stakeholder expectations and Commission capacity	Newly formulated Commission policies e.g. "customer service" policy, "community education policy
<i>Component 3</i>	<i>Planning and Reporting</i>		
Objective	To establish regular planning and reporting cycles.		

Code	Narrative Summary	Verifiable Indicators	Means of Verification
Output 3.1	The Ombudsplan prepared on an annual basis	The Ombudsplan 2000 and its use for budget justification approved by OC August, 2001, 2002 Ombudsplan includes key result areas, targets for performance indicators	Annual Ombudsplan
Output 3.2	The Annual Report prepared in a timely manner	The Annual Report prepared each year in accordance with legal requirements	Report documenting team's contribution to Annual Report preparation.
Output 3.3	Divisional and individual work plans implemented	Divisional plans containing timeframes, budgets and measures and strategies for achievement available by September 2001 Individual workplans with outputs and timeframes available for priority activities by September 2001	Divisional and individual workplans and yearly wall charts
Output 3.4	Revised Strategic Plan for the Ombudsman Commission.	The Strategic Plan for 2001 to 2005 containing a new statement of goals etc completed by March 2001	Commission's strategic plan for 2001-2005
<i>Component 4</i>	<i>IT Systems</i>		
Objective	To enhance the efficiency and effectiveness of the Commission through the introduction of new IT systems for case management, and management of staff, finance and information and for reporting on performance under the Ombudsplan	Regular, accurate reporting of cases referred to the Commission and action taken in response	Number and quality of reports presented by staff to the Commission



Code	Narrative Summary	Verifiable Indicators	Means of Verification
		Computerised staff records system	The use of the system and its impact on recruitment and retention of staff and efficiency as indicated in the Annual Reports
		Computerised financial management and reporting system	The use of the system by function and section and its relation with increased efficiency as indicated in the Annual Reports
Output 4.1	IT hardware in place in the OC, ready for networking	Cabling, computers, printers for work stations and signed maintenance contract	Inspect IT site
Output 4.2	Effective and secure networked IT systems, including a case management system (CMS); a system to support the Leadership function; a budgeting, financial management and reporting system; and a system to support the OC's personnel management function	A computer based system with networks in operation by 31 September, 2000	Effectiveness as indicated through comparison of Ombudsplan targets and Annual Report results
		An effective system supporting increased efficiency and effectiveness of the Commission's operations	Schedules, plans and reports produced using the new system
		Increased productivity and staff competencies	Reports from the CMS and HRM records of the Commission

<b>Code</b>	<b>Narrative Summary</b>	<b>Verifiable Indicators</b>	<b>Means of Verification</b>
Output 4.3	Staff trained in the effective use of IT systems to aid decision making	Training reports x level x gender x location. Staff able to provide and interpret data from CMS, Leadership, and CHRIS systems for decision making	Data printouts from CMS and Leadership system. Training records. Integrated data printouts. Annual reports
Output 4.4	Well maintained IT systems	Down-time of systems Staff satisfaction	Data regarding down time of systems
Output 4.5	Operational records management system and capacity to track reports and other information documents within OC	Corporate files stored in appropriate filing area. Files catalogued and labelled according to OC filing system and keywords. Corporate files able to be located easily.	View records management storage area. Data printout from records management system
Output 4.6	Capacity to access and use relevant electronic and other library resources	OC staff competent in using OMBIS, internet, email and library catalogue systems to access resources relevant to respective fields of work	Project reports
<b>Component 5</b> Objective	<i>External Relations and Communication</i> To generate a clear understanding of and support for the purposes and functions of the OC among leaders, government and constitutional bodies and the people it serves, and to keep in touch with International experience of Ombudsmanship	Staff of GBs and Constitutional bodies better understanding and supporting the OC as a result of the External Relations Plan	Commission's records.

Code	Narrative Summary	Verifiable Indicators	Means of Verification
Output 5.1	Pilot Government Body Liaison Program Established	Increase in the number of complaints dealt with in pilot GBs Number of complaints against pilot GBs received by the OC. Improvement in Complaint Handling in terms of timeliness, accuracy and appropriateness.	Commission's Complaint Data
Output 5.2	An Annual External Relations Planning Process Established	The ERP containing sections on GBs, constitutional bodies, public awareness and international relations by 31 March 2000	Commission's records
Output 5.3	Selected staff trained in television interviews	Selected staff complete media training course	Course outline, description of participants

Prior discussions:

- Aus AID Canberra; week of 23 to 27 June 2003.
- Roger Ley, Ombudsman Commission ISP AMC, Project Director (Telephone interview); 25 June 2003.
- Rene Schenkel, ASF AMC, Project Director (Telephone interview), 25 June 2003.
- Treasury Canberra; 26 June 2003.
- Tony Higgins (Telephone interview).
- Ed Attridge (Telephone interview).

## APPENDIX 5

### SELECTED REFERENCE DOCUMENTS

Author	Date	Title	Publisher
ADB, AusAID & World Bank	2003	Papua New Guinea. Joint Country Strategy, 2003–2006. Working draft. (17 April 2003)	Unpublished
ASF, PNG	1999	ASF-Program Performance Review January–June, 1999	Unpublished
ASF, PNG	2001	ASF-Program Performance Review July–December 2000	Unpublished
ASF, PNG	2002	ASF-Program Performance Review January–June 2002	Unpublished
ASF, PNG	2002	ASF Program Performance Monthly Review. June 2002 and other months	Unpublished
ASF, PNG	2000	Culture and its Influence on Development. A summary of a PNG ASF Workshop, September 2000.	Unpublished
ASF, PNG	2001	More Effective Project Teams. Summary of the 5th ASF Advisers' Workshop.	Unpublished
ASF, PNG	2002	ASF Draft Annual Plan: 2002	Unpublished
ASF, PNG	2003	Operations Manual for the PNG Advisory Support Facility Program. DRAFT (Includes proforma for charters etc.)	Unpublished
ASF, PNG	2003	ASF Phase II Facility Plan. DRAFT	Unpublished
ASF, PNG	2003	PNG Advisory Support Facility, Management Information System–Instruction/Information Guide	Unpublished
ASF, PNG	2003	PNG Advisory Support Facility. Monitoring and Evaluation Framework. Version 1	Unpublished
ASF, PNG	2003	ASF Program Completion Report. Draft	Unpublished
AusAID	1995	Advisory Support Facility Phase I. Draft Project Design Document	Unpublished

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AusAID	1996	Advisory Support Facility Phase I. Final Project Design Document	Unpublished
AusAID	1997	PNG Australia Advisory Support Facility. Draft Project Design & Scope of Works Revisions. Consultant's Report.	Unpublished
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AusAID	2000	usGUIDE, AusGUIDELines Part 12, Project quality standards	Commonwealth of Australia
AusAID	2000	Papua New Guinea Advisory Support Facility. Risk Management Plan. DRAFT	Unpublished
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AusAID	001	Ombudsman Commission Project. Activity Monitoring Brief (AMB). 28.03.2001	Unpublished
AusAID	2001	Advisory Support Facility. Activity Monitoring Brief (AMB). 19.03.2001	Unpublished
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AusAID	2002	CON 11069 Schedule 1. Scope of Services for Advisory Support Facility, PNG-Phase II.	Unpublished
AusAID	2002	Advisory Support Facility Phase II. Project Design Document.	Unpublished

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AusAID	2002	Australian Aid – Investing in Growth, Stability and Prosperity. Eleventh Statement to Parliament on Australia's Development Cooperation Program.	Commonwealth of Australia
AusAID	2003	PNG Advisory Support Facility. Program Completion Report. DRAFT	Unpublished
AusAID	2003	The Contribution of Australian Aid to Papua New Guinea's Development 1975-2000. Provisional conclusions from a rapid assessment. Evaluation and Review Series No. 34 June 2003	Commonwealth of Australia
AusAID & Dept. Treasury, Australia	2002	ROU 11049 Record of Understanding between Australian Agency for International Development and Department of the Treasury in relation to the provision of technical assistance by the Department of the Treasury under the Papua New Guinea–Australia Treasury Twinning Scheme (PATTS), dated 12 August 2002.	Unpublished
AusAID	1998	PNG cluster evaluation of three Institutional Strengthening Projects, Evaluation No. 3, May 1998	Commonwealth of Australia (Extracted from AusAID Knowledge Warehouse online)
AusAID (ORE)	2003	Technical Assistance Facilities– A Discussion Paper	Unpublished
AusAID (QAG)	2000	Promoting Practical Sustainability	Commonwealth of Australia
Crabb, B		ASF Project Exit Report for Ben Crabb, Macroeconomic	Unpublished Adviser

<b>Author</b>	<b>Date</b>	<b>Title</b>	<b>Publisher</b>
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DL&PP, PNG	2003	Department of Lands and Physical Planning Corporate Plan 2003–2007	Unpublished
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DL&PP, PNG	2003	PNG Advisory Support Facility. Management Adviser: Stage 1–Project Proposal Stage II–Project Charter & Checklist Job Specification	Unpublished
Dixon, G. and Holland, L.	2003	Gap Analysis–Thinking outside the Box Unpublished Educo Pty Ltd 1998 Final Project Design Document, PNG Ombudsman Commission Institutional Strengthening Project	Unpublished
Educo Pty Ltd	2000	Revised Project Document, PNG Ombudsman Commission Institutional Strengthening Project	Unpublished
Educo Pty Ltd	2002	Project Completion Report, PNG Ombudsman Commission Institutional Strengthening Project	Unpublished
FER Review Team	2000	FER, Department of Finance and Treasury Unpublished Ives, D. J. 2003 A Review of Public Sector Reform Options for PNG, March 2003	Unpublished
Ives, D. J.	2003	Public Sector Reform Options for PNG–Possible Future Technical Assistance, July 2003	Unpublished
Katera, Dr. K, AusAID	2002	A Desk Study of AusAID experience with institutional strengthening activity in PNG, October 2002	Unpublished

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Lee, C.	2002	ASF Project Exit Report for Life Insurance Adviser.	Unpublished
Minister for Foreign Affairs, Canberra Australia and Minister for Foreign Affairs and Immigration, PNG	2003	Joint Statement on Bilateral Consultations, 18 September 2003	Department of Foreign Affairs,
Morgan, P.	2002	Technical Assistance: Correcting the Precedents, December 2002	Development Policy Journal
National, The Port	2003	The PNG Ombudsman: A pillar of strength, 4 September 2003	The National, Moresby
Ombudsman	1998	Strategic Plan, 1998–2002 Commission, PNG	Ombudsman Commission, PNG
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PERR Team	2003 P	ERR Concept Paper, January 2003	Unpublished
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Sause, L. and Aloï, D.	2003	Public Sector Reform in PNG: Stalemate or Crisis?	Pacific Economic Bulletin, Vol. 18, No. 1, p67–78



<b>Author</b>	<b>Date</b>	<b>Title</b>	<b>Publisher</b>
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Senate of Australia	2003	Report on relations with PNG and South Pacific countries	Australian Senate
Special Adviser on Economic and Financial Management in Papua New Guinea	2002	Visit report, May 2002 (and subsequent reports)	Unpublished
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Turner M. and Kavanamur D.	2001	Policy for Public Sector Reform in PNG, 1975–2000	To be published
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## **Governance in PNG: A cluster evaluation of three public sector reform activities**

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Public sector reform (PSR) programs and activities in PNG over recent years have achieved variable or modest results. This is on par with international experience, which has been that progress in PSR is difficult in most developing countries. The key requirement is that PSR is sought by the community and supported by politicians, officials and citizens.

As part of its broader focus on improved accountability and learning, AusAID evaluated three activities impinging on PSR, particularly improved governance: the Ombudsman Commission Institutional Strengthening Project (OCISP), the PNG-Australia Treasury Twinning Scheme and the PNG Advisory Support Facility (Phase 1). The evaluation found that the OCISP was successful, with possibly high impact, while the efficiency, effectiveness and impact of the other two activities were mixed at best. This report discusses these findings in detail.