

**SCHEDULE TO THE PAPUA NEW GUINEA – AUSTRALIA
PARTNERSHIP FOR DEVELOPMENT**

Priority Outcome 3: Transport Infrastructure (2012)

PARTNERSHIP FOR DEVELOPMENT

BETWEEN

THE GOVERNMENT OF PAPUA NEW GUINEA

AND

THE GOVERNMENT OF AUSTRALIA

The Papua New Guinea-Australia Partnership for Development was formalised by Prime Ministers during the Pacific Forum Leaders' Meeting held in Niue on 20 August 2008. The Partnership for Development initiative represents a new era of cooperation between Australia and Papua New Guinea and other Pacific Island nations. The initiative provides the guiding and practical framework for the implementation of the Port Moresby Declaration that was announced by Prime Minister Rudd on 6 March 2008.

The Papua New Guinea-Australia Partnership for Development is founded on the principles of mutual understanding, mutual respect and mutual responsibility for improved development outcomes. The Partnership reflects the shared vision of the two Governments to work together to meet the common challenges and to improve the quality of life of all Papua New Guineans. Specifically, the Partnership seeks more rapid progress towards poverty reduction and the other Millennium Development Goals by 2015.

Priority outcome 3: Key national roads, ports and airports providing access to markets and services

(i) Aim of the Partnership

The Governments of Papua New Guinea and Australia will jointly pursue progress toward the implementation of Papua New Guinea's Medium Term Development Plan 2011-15 to deliver improved transport services to facilitate social development and economic growth. The targets under this schedule are:

- 75 per cent of the 16 National Priority Roads in 'good' condition by 2015
- Aviation and maritime transport services have consistently moved towards full compliance with international safety and security standards.

Transport infrastructure, such as roads, ports and airports, is essential for the efficient flow of produce to markets and for the provision of essential services and consumer goods to rural and urban communities. Properly planned and prioritised maintenance and rehabilitation of Papua New Guinea's existing transport infrastructure will underpin economic and social development. Specifically, improved transport infrastructure will help address the Millennium Development Goals (MDGs) for poverty alleviation and improved education and health outcomes.

The Government of Papua New Guinea, the private sector and Papua New Guinea's development partners have, over many years, identified the poor state of Papua New Guinea's transport infrastructure network as one of the major constraints to economic growth, poverty alleviation and service delivery. Poor transport infrastructure greatly increases the costs of moving produce (e.g. coffee, cocoa and palm oil) to markets, and of delivering consumer goods (e.g. rice, tinned fish and sugar) to villages. Similarly, it adds to the cost of delivering essential services such as school materials and medical supplies. In the worst affected regions of the country, transport costs can prove prohibitive.

Consistent with the *Papua New Guinea Commitment on Aid Effectiveness*, the Partnership will support and strengthen the Government of Papua New Guinea's policies and programs to improve the country's transport infrastructure. The Transport Infrastructure Schedule will align with the Government of Papua New Guinea's overarching economic and development strategies, including the Development Strategic Plan 2010-2030 (DSP), the Medium Term Fiscal Strategy 2008-2012 (MTFS), the PNG Vision 2050 and the Medium Term Development Plan 2011-2015 (MTDP), as well as the Government of Papua New Guinea's policies and sector-specific plans, such as the National Transport Strategy 2011-30 (NTS), which is currently under development. The Transport Sector Coordination Monitoring and Implementation Committee (TSCMIC) has an oversight and strategic guidance role.

The Government of Papua New Guinea through the MTDP has reasserted the following as priorities in the sector:

- Maintenance and rehabilitation of priority transport infrastructure
- Assessment of future transport needs
- Building the capacity to implement Government of Papua New Guinea policies and physical works.

Once the NTS (and its supporting five year Medium Term Transport Plan 2011-15) are finalised, in accordance with Section 4 (Governance and Review) of the Partnership, this Schedule will be reviewed to incorporate new activities and commitments, as jointly determined by both the Governments of Papua New Guinea and Australia.

Under the Partnership, the Governments of Papua New Guinea and Australia will work together to improve hard transport infrastructure and the systems needed to manage the assets on a “whole of life basis”, focusing primarily on the maintenance and rehabilitation of road infrastructure with more limited support to the aviation and ports sub-sectors. This recognises that funding for commercial/regulatory entities should be predominately sourced from the application of user charges, and that large-scale infrastructure programs would ideally be met through commercial loans, public private partnerships, and other similar funding sources¹. Thus, for the aviation and ports sectors, the Government of Australia will support the Government of Papua New Guinea’s activities to concentrate on strengthening the operation of these institutions to be self-financing, with some assistance also being provided to strengthen aviation and maritime safety and security.

Aside from funding issues, major challenges confronting the transport infrastructure sub-sector relate to implementation capacity constraints, procurement delays and compensation claims. Capacity constraints arise within government and the private sector. The Partnership will help address capacity constraints within government by strengthening planning and contract management functions. The Partnership will indirectly address capacity constraints in the private sector by committing to a medium-term program of activities that provides private sector contractors with the confidence to invest in expanded capacity, including through the purchase of equipment. Under the Partnership, the Government of Papua New Guinea is committed to addressing issues of the protection of transport infrastructure, including compensation claims by landowners, in an efficient and cost-effective manner.

Consistent with the *Papua New Guinea Commitment on Aid Effectiveness*, the programs and activities under this schedule through TSCMIC oversight will be closely coordinated with the activities of other donors and strengthen Government of Papua New Guinea leadership, processes and systems.

(ii) Costing and Timeframe

The Governments of Papua New Guinea and Australia acknowledge the importance of sustainably increasing funding to the Partnership priorities over the period to 2015. Funding will be determined as part of each country’s annual budget processes and consider progress in implementing mutually agreed commitments in the Partnership. Multi-year funding projections will be included in the Partnership, reviewed annually, and adjusted as appropriate.

The funding requirement for achieving the objectives in the Partnership will be derived primarily from:

- Redirection of the Government of Papua New Guinea’s recurrent and development expenditures towards the Partnership priority outcomes and away from lower priority

¹ It is noted that the Asian Development Bank has approved loans to the Government of Papua New Guinea for the redevelopment of the Lae Port and upgrade of national airports.

PNG - AUSTRALIA MINISTERIAL FORUM
6 DECEMBER 2012

and/or ineffective programs, including allocations from funds held in trusts, and improved cost effective implementation across all programs. Filling the funding gap is the responsibility of the Government of Papua New Guinea. Where necessary, the Government of Papua New Guinea will seek technical assistance to strengthen capacity in the relevant implementing agencies

- Increased levels of development assistance from the Government of Australia, consistent with the Partnership commitment, and a reprogramming of overall assistance towards the Partnership priority outcomes. Indicative Government of Australia funding for transport infrastructure is presented in Tables 3, 5 and 7
- Increased funding from other development partners, through increased aggregate development assistance and/or a reprogramming of existing activities.

Road Transport

The Governments of Papua New Guinea and Australia acknowledge that, as a general rule, the returns from maintenance and rehabilitation of roads are higher than those from the construction of new roads. For this reason, maintenance and rehabilitation is a primary focus of the MTDP.

There are approximately 30,000km of road in Papua New Guinea, of which 8,460 km are National Roads. The Government of Papua New Guinea has prioritised the rehabilitation and maintenance of 4,216km of these roads on the basis that they provide the greatest economic and social benefit to the greatest number of people. These comprise the 16 National Priority Roads (Table 1).

Table 1: 16 National Priority Roads

Name	Location: Province
Highlands Highway	Southern Highlands / Western Highlands / Simbu / Eastern Highlands / Morobe
Buluminsky Highway	New Ireland
Koroba Mendi Road	Southern
Porgera Togoba Highway	Western Highlands / Enga
New Britain Highway	East New Britain / West New Britain
Sepik Highway	East Sepik / Sandaun
West Coast Highway	New Ireland
Baiyer Road	Western Highlands
Hiritano Highway	Central / Gulf
Coastal Highway	Madang / East Sepik / Sandaun
Kokoda Road	Oro
Wau Highway	Morobe
Coastal Trunk Road	Bougainville
Magi Highway	Central
Ramu Highway	Madang
Northern Road	Oro

It is recognised that without maintenance the non-priority national roads will also deteriorate. Once the target under this schedule is achieved, the rehabilitation of other roads will be considered, in consultation with the PNG Government, where a strong socio-economic benefit case can be made in accordance with Section 4 (Governance and Review) of the Partnership.

PNG - AUSTRALIA MINISTERIAL FORUM
6 DECEMBER 2012

The road funding costs outlined in Table 2 below reflect the costs estimated by the Government of Papua New Guinea to achieve the MTDP. The focus of this Partnership is Deliverable 1.1 which targets 2,500km of the national priority road network sealed and in good condition by 2015.

Table 2: Indicative MTDP Road Transport² (PGK million, AUD1= PGK2.2)

MTDP Estimated Costs	<i>2013 Budget</i>	2011	2012	2013	2014	2015	Total
Deliverable 1.1: 16 Priority Roads	445	671.8	1,444.9	1,315.9	1,333.2	1,352.3	6,118.1
Deliverable 1.2: Other national roads		387.1	636.6	677.0	677.0	677.0	3,054.7
Deliverable 2.1: Missing Links		55.0	443.8	886.0	938.7	1,069.7	3,393.2
Deliverable 3.1: Economic Corridors		47.0	492.6	1,025.8	1,098.2	1,242.7	3,906.3
Deliverable 4.1: Provincial & District Roads		405.8	811.5	1,014.4	1,217.3	1,420.2	4,869.2
Deliverable 5.1: Regional awareness, enforcement & road safety audits		3.0	3.0	3.0	3.0	3.0	15.0
TOTAL		1,569.8	3832.4	4,922.1	5,267.4	5,764.9	21,356.6

In support of MTDP Deliverable 1.1 this Partnership will measure performance by tracking the percentage of the 16 national priority roads in good condition. A target of 75 per cent of the national priority road network in good condition by 2015 has been set. This target is in line with international standards for road asset management.

Table 3 below outlines anticipated funding from the Governments of Papua New Guinea and Australia through to 2015 in support of the road transport sector. It highlights that without an increase in resources to Deliverable 1.1, there will remain a significant funding gap for basic maintenance which will need to come from the PNG Government recurrent budget.

The indicative funding level is based on estimates by the Department of Treasury and the Department of National Planning and Monitoring. The indicative funding level includes both recurrent and development budget funding (Government of Papua New Guinea direct financing) but does not include potential funding towards the Partnership through supplementary budgets and Government of Papua New Guinea loan financing.

² Estimated using the Road Asset Management System (RAMS),

PNG - AUSTRALIA MINISTERIAL FORUM
6 DECEMBER 2012

Table 3: Funding for MTDP Deliverable 1.1 (PGK million, AUD1= PGK2.2)

	2011 (actual)	2012 (appro.)	2013 (appro.)	2014	2015	Total
Total Cost³	672	1,445	1,316	1,333	1,352	6,118
Funding						
Government of PNG	267	290	445	445	445	1,892
Other source						
Australia (indicative)	136	165	183	209	225	918
Other Donors (indicative)	49	49	49	49	49	245
Total Funding	452	504	667	703	719	3,055
Funding Gap	220	941	639	630	633	3,063

Constraints to implement maintenance and rehabilitation activities exist. However, with consistent and increasing funding, capacity is expected to increase as bottlenecks in the implementation process are eased. This Partnership will support improved public sector capacities to plan and manage the works program and private sector capacities to deliver the civil works. Given the recurrent nature of the funding, it is preferable for maintenance funding to be considered under the recurrent budget, subject to the availability of funds and normal budgetary processes.

Under the National Roads Authority Act, sections of the national priority road network have been gazetted to the National Roads Authority. The National Roads Authority is still building its financing base and capacity to take on this mandate. While supporting efforts to improve coordination of effort and clarify roles and responsibilities, at present this schedule focuses on supporting road maintenance activities being implemented by the Department of Works.

During the course of 2013, it is expected that the partners will focus more attention on issues such as road safety in relation to road design and upgrading works and the establishment of a Technical Audit Consultancy to derive evidence based data on quality of works and implementation.

Air Transport

The Government of Papua New Guinea strives to achieve a seamless integration and transition of air and ground transport services between Papua New Guinea and its regional neighbours. This seamlessness is in regards to both over flight of international and domestic air traffic and ground transit through national airports. This Schedule aims to assist the Government of Papua New Guinea to achieve the safety and security aspects of this endeavour.

To achieve this, overarching laws and regulations need to be updated, service delivery and oversight organisations need to build their capacity, systems need to be modernised and assets rehabilitated or replaced. The cost as estimated in the MTDP is in excess of PGK1.919 billion through to 2015.

The Government of Papua New Guinea will fund the large scale rehabilitation and upgrades required through an ADB loan-financed Civil Aviation Development Investment Program

³ Estimate for Road Transport MTDP Deliverable 1.1 from Table 2.

(CADIP)⁴. Ideally, the balance of funding to the State Owned Enterprise delivery agencies should be met through commercial loans and applying user charges. The grant based support available under the Partnership is not suitable for the large scale investments required but most effective when focused on the upgrading of safety and security aspects of air transport operations and oversight capacity development.

The focus of this Partnership in the air transport sub-sector is therefore on the safety and security aspects of regulation, compliance, accident investigation and response as they apply to the Department of Transport, the Civil Aviation and Safety Authority, PNG Airservices Limited, the National Airports Corporation and Accident Investigation Commission. Support could also include the acquisition and upgrade of key equipment required to achieve ICAO compliance and compatibility regionally where there is a clear mutual interest in terms of safety and security and the Government of Australia is best placed to provide that support.

Maritime Transport

Following years of under-investment the infrastructure at both Lae and Port Moresby ports has deteriorated significantly and is in danger of constraining Papua New Guinea's economic development. However, the significant capital investments required are beyond the scope of this Schedule, and as a commercial entity, funding for Papua New Guinea Ports Corporation may be sourced from commercial loans, user-pay charges, or through a Public Private Partnership arrangement. The Government of Papua New Guinea has also secured a loan from the Asian Development Bank for the redevelopment of Lae Port⁵.

As with the aviation sub sector, the Government of Australia following the DCT review in 2010 has refocused its support to areas of maritime safety and security and thereby address issues of mutual interest in regards to their common borders and the transit of people and trade between them. The focus of this Partnership in the maritime transport sub-sector is therefore on regulation, compliance, accident investigation and response as they apply to the Department of Transport, National Maritime Safety Authority and PNG Ports Corporation. Support could also include the acquisition and upgrade of key equipment required to achieve compliance and compatibility regionally where there is a clear mutual interest in terms of safety and security and the Government of Australia is best placed to provide that support.

(iii) Measurement

While it is anticipated that these infrastructure developments will ultimately lead to poverty reduction and improvements in the health and social indicators identified in the MDGs, sectoral indicators to monitor infrastructure improvement have been adopted under this Schedule.

This notwithstanding, under this schedule the Government of Australia will assist the Government of Papua New Guinea to strengthen and mainstream its critical cross cutting strategies and policies on issues including HIV/AIDS, Gender, Domestic Violence and climate change into the day-to-day operational culture and corporate consciousness.

⁴ Funded through a Multitranchise Financing Facility (MFF- 0039) financing loan from the ADB in the amount of US\$565 million, between 2009-18.

⁵ Lae Port Development Project - Tidal Basin Phase I (Loan-2398/2399); USD154 million, 2006-20014/15, tidal basin, 240-meter berth, container-handling equipment, terminal works.

PNG - AUSTRALIA MINISTERIAL FORUM
6 DECEMBER 2012

For existing road infrastructure the indicator will be the proportion of the 16 national priority roads in good⁶ condition. The target is 75 per cent by 2015. Progress indicators will be used to periodically assess progress against this target at the end of each year, as per Table 8. A visual road condition survey is being undertaken in 2013 which will test current road condition statistics and may require adjustments to the projections.

Table 8: Annual performance indicators for the rehabilitation and maintenance of the 16 National Priority Roads, baseline 2007.⁷

	Baseline	2011	2012	2013	2014	2015
Percentage of the 16 National Priority Roads in good condition	32	40	42	54	66	75

In the aviation and maritime sectors more specific measurable indicators relating to safety and security and the scale and scope of Australia’s contribution will be developed for agreement at the 2013 Annual Partnership Dialogue. These indicators will be developed through a specific technical needs analysis conducted with each sector agency to be completed as part of preparations for the second phase of the Transport Sector Support Program, expected to commence in mid-2013.

⁶ The condition ‘good’ is defined according to the Government of Papua New Guinea’s Road Asset Maintenance System (RAMS). This is the source of data that will be used to measure progress against the 2015 target for the 16 National Priority Roads.

⁷ As at December 2011 DoW assessed the percentage of national priority roads in good condition at 46%. Table 8 has not been updated pending the outcomes of the visual road condition survey scheduled for 2013. Following completion of the survey the progress indicators and funding requirements are expected to require adjustment.

(iv) Technical Advisers

Following an announcement by the Government of Australia in May 2010, a review of the use of technical advisers was undertaken by AusAID and the Government of Papua New Guinea. The objective of the review was to ensure that the use of technical advisers represents an effective and value for money response to meeting both Government's needs and priorities.

Following the review, the Governments of Papua New Guinea and Australia established an Adviser Review Group (ARG) to maintain executive level scrutiny on the use of technical advisers in the aid program. The ARG met for the first time in April 2011. The Group includes AusAID's Head of Aid, Chief of Operations, and the Secretaries of the Department of National Planning and Monitoring and the Department of Personnel Management. The ARG has agreed to meet quarterly to discuss the quality of advisers; the impact they are having in assisting GoPNG meet the countries development goals; and the allocation of adviser resources.

Under this schedule to the Partnership, the Governments of Papua New Guinea and Australia will work together to implement the recommendations of the review and monitor the use and level of technical advisers in the aid program. Support from the Government of Australia will include technical assistance to approximately 20% of the overall support budget

(v) Implementation Strategy

Consistent with the *Papua New Guinea Commitment on Aid Effectiveness*, the Partnership will support and strengthen the Government of Papua New Guinea's policies and programs to improve Papua New Guinea's transport infrastructure. An assessment of procurement capability and capacity will be completed in 2011 and will inform future approaches to strengthen the use of national procurement systems.

Implementation of this Schedule will follow the details of each sector-specific plan, and consider the plans and actions of other donors and the private sector. In doing so, the Partnership will aim to strengthen the Government of Papua New Guinea's systems and process for planning, project management and financial management, including procurement, auditing and monitoring. The Government of Australia will support the transport sector through the Transport Sector Support Program (TSSP), supplemented in the aviation and maritime sub-sectors with advisory support through the Strongim Gavman Program (SGP). The second phase of TSSP is expected to commence in mid 2013. Support for transport safety and security will also be provided through activities under the Memorandum of Understanding (MOU) between the Governments of Australia and Papua New Guinea on Cooperation in the Transport Sector.

The majority of funding in the Partnership will target asset rehabilitation and maintenance in the roads sector. In addition, the Partnership will provide targeted support for institutional strengthening and capacity building of key government transport sector agencies. Funding support for areas of clear mutual national interest such as aviation and maritime safety and security will also be provided.

PNG - AUSTRALIA MINISTERIAL FORUM
6 DECEMBER 2012

The strategic oversight for the management and implementation of this Schedule will be the Transport Sector Coordination Monitoring and Implementation Committee (TSCMIC). This body will consider independent reviews and reports on the implementation of the Partnership, including the effectiveness of development assistance from the Government of Australia. Recommendations from TSCMIC will be considered at the annual Partnership Dialogue.

Achieving results

Achieving results in the transport infrastructure sector is dependent on strong central government agencies such as Treasury, Finance, National Planning, Personnel Management, Internal Revenue and Central Supply and Tenders Board – they provide the funds, define human resource management rules and procedures, operate financial management systems, and they coordinate policy making and allocate and deliver money through the budget and planning systems. They enable line agencies and sub-national administrations to deliver services and create an environment where quality of life can be improved. The Government of Papua New Guinea will work to ensure central agencies are adequately resourced, efficient, effective and accountable. Assistance provided by the Government of Australia will support this through three programs: the Economic and Public Sector Program (EPSP), Strongim Gavman Program (SGP) and Sub-National Program (SNP). The EPSP and SGP principally support central agencies as key institutions in Papua New Guinea. The SNP supports provincial governments and their districts, primarily through the Government of Papua New Guinea's Provincial Performance Improvement Initiative (PPII).

ANNEX 1 – Australia’s contribution to Partnership outcomes through other programs

The immediate development results articulated under this Schedule will require a **stable macro-economic environment, capable officials, and appropriate allocation of funds to service delivery priorities**. In the medium to long-term, development results will be more achievable through **increasingly effective and sustainable service delivery mechanisms**, whether through government, the private sector or civil society. As well as the activities directly supported through this Schedule, the following programs will support our mutual objectives.

Program	2011 Funding AUD'm	2012 Funding AUD'm	Total Initiative Funding AUD'm (years)
Strongim Gavman Program	28.2	29.3	138.0 (2009-13)
Economic and Public Sector Program	25.3	20.0	100.0 (2010-14)
Sub-National Program	18.4	13.4	110.0 (2007-12)
Papua New Guinea-Australia Incentive Fund	17.8	22.2	60.0 (2010-14)
Scholarships	20.1	21.7	110.0 (2011-16)
Strongim Pipol Strongim Nesen	7.5	18.4	105.0 (2010-14)
Church Partnership Program	7.0	6.5	50.0 (2010-15)
TOTAL	121.7	123.6	689.0

Note: In 2011 approximately 85 per cent of Australian aid to Papua New Guinea was provided under the Partnership for Development.

These programs will support broader objectives of the Government of Papua New Guinea and underpin other Government of Australia programs at the **national and sub-national levels to:**

- encourage macro-economic stability through a sustainable budget process; encourage funding allocations through national and provincial budgets to better target service delivery priorities; and improve public sector efficiency and sustainability through:
 - training public servants
 - reform of public financial management systems
 - promoting a culture of accountability and performance through improved auditing and monitoring of performance.
- support civil society, NGOs, churches and the private sector to effectively deliver basic services to Papua New Guinea communities and build demand for improved government, private sector and NGO accountability to communities, together with the Papua New Guinea government.

PNG - AUSTRALIA MINISTERIAL FORUM
6 DECEMBER 2012

Equally important to achieving the development results in this schedule is a **zero tolerance approach to fraud and corruption** in the Australian aid program. Both Governments acknowledge the negative effect that fraud and corruption have on the effective delivery of services to the people of PNG. Both Governments will ensure that Australian aid program is transparently programmed, managed and effectively delivered. The Government of Australia agrees to use PNG Government systems and procedures where these processes are suitably robust to minimise the risk of Australian aid funding being lost to fraud or corruption; and where there is demonstrated development benefit for PNG. The aid program, through governance initiatives listed below, will help improve PNGs anti-corruption measures. These measures include implementing the National Anti-Corruption Strategy, strengthening the capacity of PNG law enforcement agencies to tackle corruption, and improving PNG procurement and financial systems.

At each Annual Partnership Dialogue, both governments can review achievements under these programs taking into account the annual assessments of the Provincial and Local Level Service Monitoring Authority, the National Economic and Fiscal Commission reviews, periodic World Bank Institute Government Effectiveness Score assessments and Public Expenditure and Financial Accountability assessments, targets for which are articulated under the MTDP, and other independent review mechanisms. The Governments of Australia and PNG will work closely together during 2013 and 2014 to ensure that future support for improved governance and public sector reform is increasingly aligned with the agreed Partnership priority outcomes and the focus on helping people overcome poverty.

The **Strongim Gavman Program (SGP)** assists the Government of Papua New Guinea to strengthen public sector performance in key agencies in the sectors of economic and public sector management, law and justice, border management and transport security. Senior officials from the Australian public service are placed in Papua New Guinea agencies to provide strategic advice and support for capacity development. SGP officials are accountable to the Papua New Guinea agency head as well as the Government of Australia. Increasing focus is given to those central government functions that enable delivery of Government of Papua New Guinea policies related to service delivery in the health, education and the law and justice sectors.

The **Economic and Public Sector Program (EPSP)** will strengthen central and core agencies in their role as key enabling government institutions to enable service delivery. The program will be managed by a Program Management Group (PMG), comprising senior level representatives from the Departments of Prime Minister and National Executive Council (PM&NEC), Personnel Management (DPM), National Planning and Monitoring (DNPM), Treasury (DoT), Finance (DoF), Provincial and Local Government Affairs (DPLGA), Office for the Development of Women, AusAID, and the Managing Contractor, and work directly through PM&NEC, to the Central Agencies Coordinating Committee (CACC). Funding flows will be guided by an Annual Strategic Framework developed by the PMG and agreed by AusAID and the CACC.

Scholarships PNG (SPNG) is a joint collaboration between the Governments of Australia and New Zealand to provide post-secondary education and training opportunities to Papua New Guineans. This contributes to Papua New Guinea's human capital development in areas identified by the Government of Papua New Guinea as national training priorities. The Government of Papua New Guinea chairs the processes of selecting awardees.

The **Sub-National Program (SNP)** partners with the Government of Papua New Guinea to help improve vital aspects of its decentralised service delivery system. This includes: supporting reforms that increase funding to provinces for service delivery; supporting the

PNG - AUSTRALIA MINISTERIAL FORUM
6 DECEMBER 2012

operation of the Government of Papua New Guinea's mechanisms to monitor and coordinate service delivery; assistance to the Government of Papua New Guinea's Provincial Performance Improvement Initiative to strengthen sub-national performance and support for improved service delivery capacity of the Autonomous Bougainville Government.

The **Incentive Fund** encourages Papua New Guinea organisations to improve their overall performance and contribution to development. Grants of between PGK0.5 million to PGK10 million are provided to good performing organisations in Papua New Guinea to enable them to expand their services in mainly the health and education sectors. Over the life of the program, the Australian Government will provide approximately AUD60 million to successful organisations across PNG.

The **Church Partnership Program (CPP)** assists Papua New Guinea churches enhance their capacity to deliver health and education services to disadvantaged and often remote communities, as well as contribute more broadly to development in Papua New Guinea. CPP is based upon partnerships between the seven Papua New Guinea churches, their seven counterpart Australian faith based NGOs, AusAID and the Government of Papua New Guinea.

Strongim Pipol Strongim Nesen (SPSN) aims to assist government, civil society and the private sector to work together to meet Papua New Guinea communities' health, education and other needs by providing grants and capacity building support to organisations throughout Papua New Guinea. The program will also build demand for improved government, private sector and NGO accountability to communities. The SPSN Joint Governing Council, currently comprised of DNPM, DPLGA, Department of Community Development (DfCD) and AusAID, sets the program's strategic direction. SPSN will directly target poverty by delivering many tangible benefits from community generated projects in rural and remote areas.