



Annual Program Performance Report 2010: Papua New Guinea

June 2011



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Summary

The Australian aid program in Papua New Guinea (PNG) is currently implemented under the PNG–Australia Partnership for Development, signed in 2008 by the Prime Ministers of Papua New Guinea and Australia. It commits Australia and PNG to work together to achieve the Millennium Development Goals (MDGs). Five Partnership schedules are currently in place, setting out agreed objectives and mutual responsibilities in achieving these objectives, and providing a mechanism for ministers to review progress in the implementation of the agreement on an annual basis.

A review of the Development Cooperation Treaty (1999) released in May 2010 found Australian assistance to PNG was fragmented, spread too thinly, and over-reliant on technical advisers. To improve results, it recommended narrowing the focus of Australian assistance, reducing the use of advisers, and increasing support for direct service delivery.

In implementing these recommendations, and noting the priorities of PNG's Medium Term Development Plan, the aid program will be repositioned to focus on improved service delivery in education (basic, secondary, technical and higher) and health (including HIV and AIDS). These two sectors will absorb the majority of additional funds we might receive through an overall scaling up of the aid program.

Selective engagement in the law and justice sector and maintaining support for transport infrastructure will continue, as they underpin improved service delivery and economic growth.

In response to the review of the Development Cooperation Treaty, officials are negotiating changes to the Partnership for Development schedules to reflect a reshaped aid program. Until these schedules are agreed, the PNG program will report against its existing schedules and performance framework.

Overview of Papua New Guinea context

The start of the liquefied natural gas (LNG) project and recovery of global commodity prices benefited PNG's resource rich economy in 2010. GDP growth was estimated at 7.1%, marking almost a decade of uninterrupted expansion averaging 4.4%. However, the boom in commodity prices and the positive trend in macroeconomic indicators did not result in a corresponding improvement in the delivery of public services. The economy remains dualistic, with much of the growth being limited to the formal sectors, especially in urban areas where only 15 per cent of the population lives, and to enclave mining and petroleum projects.

Last year was characterised by a period of political instability, beginning with the Chief Ombudsman recovering from a near fatal shooting just before Christmas, and ending with the Prime Minister standing down to face a leadership tribunal and the Supreme Court ruling that the re-election of the country's Governor-General was invalid. The year also saw PNG Ministers and the bureaucracy highly focussed on the LNG project, and towards the end of the year starting to lobby and position themselves for the 2012 election.

During 2010 the bureaucracy continued to move forward, including with some of its own positive reform agenda concerning the implementation of PNG's decentralised system of



government. Overall, however, there is little evidence of improvement in the public service's ability to deliver basic services. At the political level there appears to be insufficient commitment to genuine public service reform and improvement, and a lack of engagement by senior politicians and bureaucrats continues to undermine gains in specific areas. PNG is significantly off-track in meeting its commitments against the Millennium Development Goals, with social indicators currently among the worst in the Pacific region. In the United Nations Development Program's *Human Development Report 2010*, Papua New Guinea is grouped among those countries with low human development, ranking 137th out of 169 countries.

PNG continues to face significant law and order problems. Crime and violence are features of everyday life, particularly in urban areas, where theft and sexual and other physical assaults are commonplace. Economic, social and health indicators clearly indicate that life for women in PNG continues to be characterised by disadvantage and discrimination.

Results

In 2010, the program initiated a budget engagement strategy for the PNG 2011 National Budget, working with the PNG Government to support allocation of funds towards Partnership priority areas of health, education and transport. Based on consultations with PNG agencies, the program produced funding recommendations aligned to Government of PNG sector strategies. The program engaged closely with PNG Ministers and officials throughout the budget process to support strong allocation of funds towards the Partnership priorities. There were a number of good funding outcomes that targeted the Partnership priorities and Millennium Development Goals.

To **improve access to primary education** by poor PNG families, K20 million was provided to elementary schools in PNG to complement Government of PNG school grants. As a result, the Department of Education was able to make the **first three years of basic education free**, removing a significant barrier to accessing education, especially in rural areas. This is expected to contribute directly to increased admission, enrolment and retention at primary level.

Access to appropriate school textbooks and equipment is an essential element in the delivery of quality education. In 2010, **539,000 core primary level textbooks**, selected by the Department of Education, were distributed to all 3,500 primary and community schools across PNG. In addition, **328,000 core secondary level textbooks** were procured for distribution to all 204 secondary schools and seven national high schools in 2011. As well, seven large **science kits** were procured for distribution in 2011 to the seven National High Schools to help improve the PNG 'schools of excellence'.

The provision of school infrastructure is an important contributor to school access. The **construction of 322 classrooms and 253 other school buildings**, begun in 2008 and 2009, was completed in 2010. An additional 184 classrooms, 92 school offices and 85 teachers' houses were begun and completed in 2010.

The PNG Education Institute was launched, allowing the provision of a new **residential teaching course** to the first in-take of 90 elementary teachers from around PNG. **Teacher in-service training** was provided to approximately 4,000 teachers, just under 10% of all PNG teachers.



In 2010 an Australian-funded procurement manager in the National Department of Health identified compromised processes for two large tenders for the procurement and distribution of essential medical supply kits in 2011 and 2012, which resulted in the Secretary of Health cancelling the contracts. This represented a unique entry point to **break a culture of corruption** within the medical supplies branch. Australia agreed to manage the distribution of medical supply kits to all health centres and aid posts as an emergency response in 2011, providing the space for both Governments to negotiate a **new performance-based medical supply reform program** to be implemented from 2012 onwards.

Australia supported a **rapid and effective response to an outbreak of cholera** in Western Province. This quickly stabilised the situation on Daru Island and improved those in the middle and lower Fly River regions. AUD1 million supported the provision of emergency response personnel, essential medical supplies, an emergency clean drinking water supply system for Daru Island, and community health promotion activities undertaken by the Red Cross.

The latest data on HIV prevalence suggests a **slowing of new HIV infections** in the worst affected areas of PNG, the highlands and Port Moresby, where the Australian-supported prevention response has been most intense.

By the end of 2010, **7,555 adults and children were on antiretroviral treatment** compared with 6,751 in 2009. Sites providing antiretroviral therapy increased to 76 sites in 2010, up from 55 in 2009.


AusAID provided funds for building or refurbishing **19 new testing and treatment centres for HIV and Sexually Transmitted Infections (STI)**, for staff training and administration and for prevention, treatment and care activities. Australia contributed to **increased numbers of people tested for HIV** in 2010 through funded civil society partners. 134,798 people were tested in 2010, up from 123, 000 in 2009.

Australia funded Save the Children's Poro Sapot Program to **deliver services to marginalised populations most at risk of HIV** infection in Port Moresby, Lae and Goroka. This has resulted in steady improvements in the numbers of most at risk populations who are accessing services. Clinton Foundation's Health Access Initiative helped increase the number of children on treatment and improved their follow-up through training and strengthening case management systems.

Australia funded **road maintenance activities on a total of 2,153 kms of national roads**, including the entire trunk road network in Bougainville. This contributed to the **substantially higher number of roads in good condition**, resulting in 48% of national priority roads being in good condition in 2010, compared to 39% in 2009. The percentage of roads in poor condition has decreased from 21% in 2009 to 11% in 2010. This represents a significant improvement in the condition of priority roads, and surpasses expected results.

16 national airports had been certified to international safety and security standards by 2010, up from 13 in 2009.

Key national and district courts were built or refurbished, including completion of the Bomana, Kerevat and Kainantu court house construction, Daru court house refurbishment, and plans completed for Kavieng and Alotau court complexes. Improved infrastructure has resulted in **extended and improved court services**, allowing courts to process cases more efficiently and reduce backlogs.



Anti-corruption reforms have generally strengthened responses to fraud and corruption within law and justice sector agencies. Training for National Anti-Corruption Alliance investigators resulted in a five-year high in the number of arrests – 29 in 2010, up from 16 in 2009.

The PNG-Australia Policing Partnership has supported rehabilitation and modernisation of seven **provincial police watch houses and cells** to comply with international standards on human rights.

The incidence of **tribal fights in Eastern Highlands Province continues to decrease** with support from the District Peace Management Teams. Of the 94 tribal fights recorded in the province since 2007, 48 have resulted in peace agreements accompanied by supporting development activities, and 46 are negotiating peace agreements. Peace agreements have meant displaced communities are able to return home, generate income and access critical economic and social services. The estimated number of deaths from tribal fighting has decreased from around 400 per annum prior to establishing District Peace Management Teams, to 40-50 deaths per annum.

The program has contributed to an increase in the number of **female magistrates in the Village Courts** system, from 40 in 2007 to 500 by the end of 2010, consistent with the PNG Government's gender equality strategy for Village Courts. An increase in the number of female magistrates is seen by the PNG Government as an effective way of giving **women a greater voice in decision making** and helping to break down male dominance of the judicial system and customs that assert male control over women.

Policing services to victims of family and sexual violence have improved, including by establishing Family and Sexual Violence Units in Port Moresby, Mt Hagen and Kokopo. These units are staffed by police officers trained in responses to family and sexual violence. They provide a private and secure space for victims to report offences and are linked to other legal and support services.

In 2010, Australia awarded **130 Australian Development Scholarships**, and 143 graduates returned to PNG. In addition, Australian Leadership Awards Scholarships (Masters and PhD level only) were awarded to 10 potential leaders, and nine of these graduates returned in 2010.

Overall expenditure for the aid program in PNG for 2010 is given at Appendix A.



Table 1: Ratings of the program’s progress in 2010 towards the objectives of the PNG–Australia Partnership for Development and PNG–Australia Development Cooperation Strategy

Objective	Rating in 2010	Rating in 2009
Partnership for Development Objectives		
1. Key National Roads, Ports and Airports providing access to markets and services	■	■
2. Significant, measurable progress towards the achievement of universal basic education by 2015	■	■
3. Improved health outcomes	■	■
4. An efficient and effective public service (National level)	■	■
4. An efficient and effective public service (Sub-national level)	■	■
5. Development policy and program formulation based on sound statistics and performance reporting	■	■
Development Cooperation Strategy Objectives		
6a. Stabilise spread of new HIV infections by 2020 and provide effective care and treatment of those infected	■	■
6b. Strengthened national capacity to lead, coordinate and implement the HIV response (Government)	■	■
6b. Strengthened national capacity to lead, coordinate and implement the HIV response (Civil Society)	■	■
7. Improved ability to provide Law & Justice services	■	■
8. Increased workforce skills	■	■
9. Men and women, civil society, and the state working together to meet communities’ needs	■	■
10. Sustainable and secure improvements in food supply and incomes for smallholders	■	■
11. A conducive environment for enhanced private sector development	■	■
12. Addressing the causes and mitigating the impacts of climate change	■	■

Note:

- The objective will be fully achieved within the timeframe of the strategy.
- The objective will be partly achieved within the timeframe of the strategy.
- The objective is unlikely to be achieved within the timeframe of the strategy.

Major quality successes, issues and challenges

Ratings at *Quality at Entry* (QAE) in 2010 were broadly adequate or good quality. In order to establish the foundations of a high quality, high performing program, these ratings need to improve.

The 2010 ODE Spot Check of *Quality at Implementation* (QAI) reports assessed the ‘robustness’ of these reports across AusAID and found the PNG program to be one of two with above average ‘robustness’ of QAI ratings – that is, a higher number of QAIs than average had ratings that were reasonable and backed up by evidence.

Criteria that were generally rated well across the program were:

- ‘Relevance’, with 74% of initiatives rated ‘good’ quality and above;
- ‘Gender equality’, with 43% rated ‘good’ quality and above; and
- ‘Effectiveness’, with 35% rated ‘good’ quality and above.



Similar to last year, 'Sustainability' received low ratings across the program, with 35% of ratings 'less than adequate' quality or lower.

'Monitoring and Evaluation' was a mixed picture. Monitoring and evaluation is an area of ongoing focus for improved performance within the program. Lack of effective monitoring and evaluation frameworks in programs, lack of empirical data and lack of baseline data to assess performance were common findings across evaluations. The implication for the PNG program is a need to revisit and strengthen existing monitoring and evaluation frameworks, and to pay particular attention to monitoring and evaluation frameworks in design and QAE stages.

The November 2010 Country Program Health Check found that the PNG program had 64 initiatives, a decrease of eight from 2009. A larger proportion of initiatives had a value of more than \$50m, with an average approval amount of an initiative in the program of \$36.1m, up from \$20.7m previously. However, the Health Check also noted that 55% of initiatives were less than \$10m value each, and that almost half of the active initiatives in the PNG program had an end date up to and including 30 June 2011. The program will manage this in its pipeline planning, and will consider opportunities both to rationalise the number of initiatives and strengthen program coherence.

Management consequences

The following five priorities will be implemented in 2011 and progress will be reported in next year's APPR:

1. **We will continue to reposition our aid program to PNG strategically to focus on a few key areas, deliver better results and implement the program in a coherent manner.** Responding to the Development Cooperation Treaty Report recommendations, the PNG program is repositioning itself to focus on improved service delivery in education and health, including HIV and AIDS. The program will engage selectively in the law and justice sector and maintain support for transport infrastructure. Initiatives falling outside these sectors, such as support to land and aspects of agriculture, will either be phased out or repositioned to contribute more directly to improved outcomes in health and education service delivery. This will bring a new coherence to the program, enabling us to monitor the achievement of tangible results in a few key sectors.

The program will be implemented under the four schedules of the Partnership for Development, covering health and HIV/AIDS, education, transport infrastructure and law and justice. The program will continue to focus on specific service delivery results within these sectors.

2. **The program will manage the risks and impacts associated with the PNG national elections in 2012.** A major challenge will be to continue to engage and deliver programs in the lead-up to the national elections, which are predicted to be among PNG's most challenging. The program is analysing the risks associated with the elections and is developing an integrated response to addressing these risks.
3. **The enabling programs that include gender, the sub-national program, economic and public sector, the Strongim Gavman Program (SGP) and Strongim Pipol Strongim Nesen (SPSN) will continue to improve their linkages to other AusAID sector programs.** All enabling programs will be



redefined to ensure they are best placed to support service delivery outcomes in the four priority sectors. Gender equality will be at the centre of the program, with a strong focus on the economic and social benefits of participation for all.

4. **The program will continue to implement the findings of the Joint Review of Technical Adviser Positions**, including reducing the number of advisers by one third by mid 2012. The reductions will occur mainly in the areas of rural development, education, and health and HIV, reflecting a move to rebalance funding from advisory support to direct service delivery.
5. **The program will adopt a much more effective and innovative approach to performance and contract management**, with the ability to demonstrate the results we have achieved clearly. The PNG senior management team will come together regularly to manage program finances, human resources, performance and quality, and other key corporate responsibilities more proactively. We will undertake a performance audit and also improve our approaches to monitoring. The program will continue its work to strengthen capacity to manage for results. In particular, it will manage for the achievement of results set out in the Australian 2011-12 Budget.

Papua New Guinea context

Economy

The commencement of the liquefied natural gas (LNG) project construction phase and the recovery of global commodity prices benefited PNG's resource rich economy in 2010. GDP growth was estimated at 7.1%, marking almost a decade of uninterrupted expansion averaging 4.4%¹. Resources and industry (mainly construction) grew by an estimated 9.3% and was the major contributor to growth in 2010. Services expanded by an estimated 8.5%².

Strong commodity prices have translated directly into improved profitability of businesses and higher government revenue. The PNG Government is running a balanced budget and has reduced total public debt to an estimated 27% of GDP in 2010. Government and household expenditure continued to rise, while control of the overall fiscal position improved business confidence and helped sustained private investment.

The boom in commodity prices and the positive trend in macroeconomic indicators did not, however, result in a corresponding improvement in the delivery of public services. Indeed, they coincided with a deterioration of the MDG indicators. Although both government revenue and expenditure increased, the problematic public financial management system (and other governance related issues) did not allow for the investments necessary to enable the development of a sustainable non-mineral economy, with the benefits from economic growth being spread more evenly across the country.

The economy remains dualistic, with much of the growth being limited to the formal sectors, especially in urban areas, and to enclave mining and petroleum projects. The impact has been predominantly on the urban areas, where only 15 per cent of the population lives. So while the

¹ *Asian Development Outlook 2011: Papua New Guinea*, Asian Development Bank

² *Ibid.*



PNG economy has experienced sustained economic growth, driven by the mineral and construction sectors, agricultural output only grew by a considerably more modest 3.5%.

Translating strong resource and urban growth into improved living standards for the majority of Papua New Guineans remains the key challenge for the Government.

Treasurer O'Neill presented a balanced budget, his first budget since becoming Treasurer. He announced a combined expenditure of K9.98 billion (K9.33 billion for the 2011 National Budget and K653 million for the 2010 Supplementary Budget). This represents a further significant expansion in expenditure, at a time when the economy is already growing strongly.

Total revenue and grants in the 2011 Budget are forecast to rise by K1.08 billion, up 13 per cent from 2010 (with an equivalent increase in expenditure). PNG debt is forecast to remain stable in nominal terms, and is expected to fall as a proportion of the economy to 24 per cent of GDP.

Supplementary Budget funds will once again be placed into trust funds, together with expenditure from trust funds in 2010. This, combined with the release of most of the 2010 Supplementary Budget funds in 2011, will mean that **the stimulatory impost of the budgets will be somewhat greater than the "balanced budget" claim suggests.**

So while inflation eased to 6.0% in 2010, there are concerns about the possible inflationary impact of the budget, which will likely be fuelled by supply-side constraints that are already apparent in construction, transport, property and skilled labour, combined with the rise in international food prices and the depreciation of the kina in 2010.

Politics

The year began with the Chief Ombudsman recovering from a near fatal shooting just before Christmas, and ended with the Prime Minister standing down to face a leadership tribunal and the Supreme Court ruling that the re-election of the country's Governor-General was invalid. In short, it was a year of political instability.

Early in the year, the Head of the Parliamentary Committee into the Ombudsman Commission, MP Moses Maladina, tabled legislative amendments concerning the Ombudsman Commission's powers and the leadership code. Changes included limiting the Ombudsman Commission's powers to freeze public funds suspected of being used for incorrect purposes, a time limit on the Ombudsman's investigations, and amnesty from criminal prosecution for politicians and heads of departments who are found to have breached the leadership code. The proposed amendments sparked high media attention and large street protests in Port Moresby, involving ordinary citizens and representatives from NGOs and churches. Strong public sentiment and protest action was a key factor in the amendments failing to be passed by Parliament.

While the earlier attack on the powers of the Ombudsman was defended, there was a successful attack on the constitutionality of the OLIPPAC. On 7 July 2010, PNG's Supreme Court ruled that sections of the OLIPPAC were constitutionally invalid, including those provisions that required MPs to vote along party lines on matters like the budget and motions of no-confidence. The ruling freed MPs to resign from or switch political parties, something which had previously been prohibited under that law. The change encouraged motions of no-confidence to be attempted, and in this environment the Speaker adjourned Parliament from July until November.



During this period of political instability, the bureaucracy continued to move forward, including with some of its own positive reform agenda concerning the implementation of PNG's decentralised system of government. While 2010 saw PNG Ministers and the bureaucracy 'captured' by the PNG LNG project, towards the end of the year they were also starting to lobby and position themselves for the 2012 election. The fragility of the Somare government was also tested with the Prime Minister's suspension and illness.

These events are expected to play a major role in determining priorities and actions in the political landscape over the next 12 months.

Public sector

Providing access to basic services to a largely rural population of 6.8 million is a major challenge. In areas experiencing violent conflict, basic security for development is lacking. With a rugged and geographically diverse terrain and poor transport and communication infrastructure limiting access to 20 provinces, 89 districts, 313 local level governments, policy makers and service delivery agencies continue to face substantial challenges in trying to address income, basic services, markets, transport and food security needs of the majority of Papua New Guineans, particularly the needs of poor and vulnerable groups.

Overall, despite some progress within the bureaucracy in implementing a positive reform agenda, there is little evidence of improvement in the public service's ability to deliver basic services. This is not for lack of financial resources; revenue accruing to the GoPNG has increased significantly each year since 2004. Poor budget execution practices continue to undermine service delivery, as do capacity limitations hindering effective application of PNG's decentralised service delivery arrangements.

The erosion of services means that, for many citizens, the State effectively does not exist. At the political level there appears to be insufficient commitment to genuine public service reform and service improvement, and a lack of engagement by many senior politicians and bureaucrats continues to undermine gains in specific areas.

Most telling of the general state of affairs in the public sector is that, of more than 900 government departments, agencies, provincial and local level governments, only eight received unqualified audit reports for 2007-2009. The 2010 Development Cooperation Treaty Review noted that PNG faces serious and worsening problems of governance. There is a widespread perception that corruption is serious and on the increase, and that public sector capacity is weak and declining. The corruption perceptions index, produced by Transparency International, suggests no real change in 2010, with PNG being ranked 154th out of 180 countries.

Social development

PNG is significantly off-track in meeting its commitments against the Millennium Development Goals (MDGs), with social indicators currently among the worst in the Pacific region. In the United Nations Development Program's *Human Development Report 2010*, Papua New Guinea is grouped among those countries with low human development, ranking 137th out of 169 countries, placing it below Mauritania, Benin and Yemen.

In 2010 PNG made progress in the education sector towards the key targets of its Universal Basic Education (UBE) Plan 2010-2019 and its National Education Plan 2005-2014. The PNG Government's financial allocation to the education sector in 2010 rose slightly overall, and



significantly in some key areas such as capital investments in education and education function grants to the provinces. Importantly, in 2010 GoPNG abolished school fees for the first three years of basic education, which is a key step in increasing access.

According to the latest data, PNG admission and enrolment rates continued to rise significantly in 2010. The net admission rate for preparatory grade rose to 34.1% in 2010, while the net enrolment rate for basic education rose to 74.9%. While PNG is still off-track from reaching the MDG target of universal basic education by 2015, the current figures are promising.

Poor health outcomes in PNG remain static. They are the result of a dysfunctional and chronically under-resourced health system, and exacerbated by cultural norms and geographic isolation. Those most affected by this are the rural majority. Women typically fare worst as they lack education opportunities, suffer from gender-based violence, and often cannot afford maternal health services, even if they have access to them. Women are 80 times more likely to die in childbirth in PNG than in Australia.

Despite increases in outreach clinics and medical officer visits in most provinces, maternal and child health targets are off-track. Supervised deliveries did not increase from 40%, and referral rates for emergency obstetric care remain very low at an average of 4%.

Performance against malaria and tuberculosis (TB) targets are more positive. National malaria incidence continues to decline from 254 health centre or hospital presentations per 1,000 people in 2009 to 230 per 1,000 in 2010. The national case detection rate for TB rose to 31%, and the national treatment completion rate to 64%, though both are still well short of target levels.

PNG's HIV epidemic is the second most severe in Asia and the Pacific region after Thailand, with a national prevalence of 0.9%. One of the most important findings from the revised estimations in 2009 is the differences in epidemic spread from province to province, with geographically concentrated epidemics of over 1% prevalence in the highlands and in and around Port Moresby. The findings also suggest a slowing of new infections in these worst affected areas, where the prevention response has been most intense. Access to testing and antiretroviral treatment improved; by the end of 2010, 7,555 adults and children were on antiretroviral treatment compared with 6,751 people in 2009. Nationally, a total of 134,798 people were tested for HIV, up from 123,000 in 2009.

PNG faces significant law and order problems. Crime and violence are features of everyday life, particularly in urban areas, but also in rural areas affected by tribal conflict. Theft and sexual and other physical assaults are commonplace. Increasing urbanisation, low levels of education and an increasingly young population with little economic opportunity contribute to the crime problem.

Economic and social indicators clearly indicate that life for women in PNG continues to be characterised by disadvantage and discrimination, despite long standing national commitments which call for equal rights, respect and dignity for women. Women are not reaping equitable benefits from PNG's development agenda. PNG sits at 145 out of 177 countries on the UN Gender and Development Index, down 22 places since 2005. This means gender equality is going backwards in PNG relative to other countries.

Selected PNG performance indicators against the MDGs are provided at Appendix B.



Results of the Papua New Guinea program

Objective 1: Key national roads, ports and airports providing access to markets and services

Rating

■ The objective will be fully achieved within the timeframe of the strategy.

Long-term development in PNG can only be achieved through sustainable economic growth. Improved transport infrastructure that meets broader national economic needs, such as access to mineral and agricultural resources, will facilitate this growth. Transport infrastructure, and roads in particular, also play a critical role in increasing the incomes of rural communities and providing them with access to important social services such as education and health care. PNG's capacity to maintain the road system is beginning from a low base and remains weak. Further, broad based political leadership and commitment to transport asset maintenance has been limited and uncertain. Over time, the focus of Australian assistance has shifted from the direct delivery of construction and rehabilitation projects to a more holistic emphasis on capacity building and institutional strengthening for improved asset maintenance, as well as the direct financing of maintenance works.

PNG Budget allocations for transport and maintenance of transport infrastructure have increased for 2011. Following a disappointing 2010 Budget, the 2011 Budget allocation restored confidence in the GoPNG's commitment to the Partnership targets for transport infrastructure maintenance.

The Asian Development Bank (ADB), the World Bank and the Japan International Cooperation Agency (JICA) are also providing support to PNG for transport infrastructure. The ADB has a robust presence in the roads, aviation and maritime sectors. Its program features a significant road improvement program in the Highlands (USD600 million loan), a major airports improvement program (USD565 million loan) that complements, and relies upon, Australian efforts in the aviation sector, and the Lae Port Development Project (USD 154 million loan). The World Bank has a USD64 million loan program focused on road maintenance and rehabilitation which ends in 2011 (negotiations are ongoing for a successor program with a proposal expected mid-2011). JICA's transport program is focused predominately on bridge construction in Bougainville.

Assessment of results and performance

Australia's support is heavily focused on roads, and achievements in this sub-sector are considered to be the most critical. Under the Transport Sector Support Program Australia funded maintenance activities in 2010 on a total of 2,153 km of national roads, including the entire trunk road network in Bougainville. This contributed to the higher number of roads in good condition (national priority roads are assessed as good, average or poor condition). The percentage of national priority roads in good condition stands at 48% in 2010 compared with 39% in 2009. The percentage of roads in poor condition has decreased from 21% in 2009 to 11% in 2010. This represents a substantial improvement in the condition of priority roads, and surpasses expected results set out in the 2009 Sector Performance Report. However, there are questions around the quality of the data in this assessment and the findings will be verified by an AusAID-funded visual road condition survey in 2011.



A socio-economic impact study of communities with access to priority roads maintained with Australian funding was undertaken in 2010 in ten provinces. The study built on a 2008 baseline. It showed monthly household incomes increased in four provinces and decreased in six, a mixed result which will require further investigation to understand; for example, Borer Beetle infestation was a significant external factor impacting on incomes in some provinces. Store-bought food prices were 10% lower than in control villages that did not live close to roads maintained under Australia's program. This suggested that road maintenance (or proximity to a priority road) increased the spending power of villagers. Households in eight of the provinces were taking more trips, and travel times were reduced, but the study was not clear on the impact this was having on access to services. It did, however, ascertain that the cost of a trip to a health centre had decreased in seven of the provinces. This effort highlights the challenge of making direct causal connections between investments in road maintenance and observable trends in social sectors. The approach to the survey will be improved in future studies to better demonstrate contribution and causality. The transport program will consult the health and education programs with regard to a follow-up qualitative survey in selected communities involved in the earlier study, to occur in Quarter 3, 2011.

Sixteen national airports were certified to international safety and security standards by 2010, up from 13 in the previous year. This represents a solid improvement, although it falls short of the target of 17 certifications.

Ship turnaround times ran at 2.8 days, representing a modest improvement on the 3 day turnaround at project commencement, although overall cargo throughput increased by 14% in 2010 (largely resulting from Lae Port). This positive result can be partially attributed to operational efficiencies gained through adviser support and is probably near the limit of productivity given the current asset base. Turnaround times are expected to improve once critical new crane installations (funded by GoPNG) are completed and operational at Port Moresby and Lae ports.

Australia supports safety and security in the PNG aviation and maritime sectors under the Australia-PNG Memorandum of Understanding (MOU) on Transport, and through adviser inputs under the Strongim Gavman Program (SGP). Considerable energy was devoted to identifying gaps and needs in the aviation sector in 2010. Implementation of training programs, management systems and information collection and dissemination to support this process is underway. Through the MoU, AusAID is also supporting the major upgrade of PNG's air traffic management system under the ADB loan program.

Awareness of gender issues in transport sector agencies has moved ahead. Gender and domestic violence policies have been developed in most transport agencies. Gender action planning skills have improved. Gender champions have been identified and supported, and a gender reference group was set up to promote inter-agency cooperation. However, with the exception of PNG Ports Corporation Limited, restricted capacity and interest within agencies (which are highly male dominated) has made progress slow and uneven.

Agencies reviewed and developed workplace HIV/AIDS policies to align with the National HIV and AIDS Strategic Plans. This included strengthening contract clauses on HIV/AIDS responsibilities. Agencies have also encouraged staff participation in HIV/AIDS awareness programs. However, these policies and processes are yet to be fully endorsed, implemented and resourced. The design work on gender and HIV activities for the Transport Sector Support

Program Phase 2 will consider how it can link into the current work being undertaken by Australia on gender-based violence.

Table 2: Estimated expenditure in 2010

Objective	A\$ million	% of bilateral program
Key National Roads, Ports and Airports providing access to markets and services	58.6	15.5

Objective 2: Significant, measurable progress towards the achievement of universal basic education by 2015

Rating

■ The objective will be fully achieved within the timeframe of the strategy.

In 2010 PNG continued to make strong progress towards the key targets of its Universal Basic Education (UBE) Plan 2010-2019 and its National Education Plan 2005-2014. Progress was particularly strong in the areas of access to education and retention, while some progress was also made in education management. The GoPNG's financial allocation to the education sector in 2010 rose slightly overall, and rose significantly in some key areas such as capital investments in education and education function grants to the provinces. Importantly, in 2010 GoPNG abolished school fees for the first three years of basic education, a key step in increasing access.

According to the latest Department of Education's (DoE) Education Management Information System (EMIS) data,³ PNG admission and enrolment rates continued to rise significantly in 2010. The net admission rate⁴ rose by 10.2% in 2010, to 34.1%. The net enrolment rate for basic education⁵ rose from 63.6% in 2009 to 74.9% in 2010, representing a percentage increase of 11.3%. This reflects an increase in the number of children enrolled in basic education of 17.8%, or 183,194 *additional* children. Importantly, basic education enrolments have slightly exceeded the Partnership for Development and UBE Plan enrolment target for 2015, which is 74.3%. While PNG is still off-track from reaching the MDG target of universal basic education by 2015, the current figures are promising. The net enrolment rate for secondary education in 2010 is not available, but the actual numbers of students enrolled (109,913) show that the enrolment in grades 9-12 has remained virtually unchanged. This is probably due to the strong emphasis on growth in basic education.

The completion rate rose slightly for grade 8 from 56.9% in 2009 to 57.5% in 2010, and fell slightly for grade 12 from 9.8% in 2009 to 8.7% 2010. In both cases, the achievements are higher than the targets in the DoE Performance Assessment Framework (PAF) and the Partnership Schedule. The pupil:teacher ratio increased slightly, from 34.2:1 in basic

³ This data has not yet been fully cleansed or publicly endorsed by the Department of Education.

⁴ The total number of six-year old entrants in the preparatory grade, expressed as a percentage of the six year old population.

⁵ The total enrolment of 6 to 14 year olds in grades elementary prep to grade 8, expressed as a percentage of the 6-14 year old population.



education in 2009, to 37.1:1 in 2010. While this is higher than the PAF target of 33.8:1, it reflects a higher increase in enrolments and is still well within acceptable levels.

Girls continue to be less likely than boys to complete grade 8 or grade 12. Girls are also less likely to enrol into either basic or secondary education (with bias increasing with the level of education). The gender parity index rose slightly for basic education from 0.91 in 2009 to 0.92 in 2010 and remained stable for secondary education at 0.90. Female participation at the decision-making level in the education sector continues to be poor, with only one woman in the DoE senior management and one female Provincial Education Adviser, which is unchanged from 2009.

There are limited data to measure the quality of education, as examination results have not been analysed by the DoE for two years. The proxy indicators for quality – school grants, teacher education, access to infrastructure and to education materials – progressed in 2010 with significant support from Australia. However, quality of education remains a concern at all levels and especially the elementary level, where there is an ongoing debate on the quality of the teachers, the curriculum and the current policy on use of the vernacular.

All of the indicators cited above vary significantly between and within provinces, with rural and remote areas being on the whole more disadvantaged. The 2010 data have not yet been formally validated, and there is a potential for over-inflation of enrolments by schools as they are directly linked to the amount of school grants. AusAID’s 2010 monitoring visits to a sample of about 50 schools have suggested that most schools report enrolment accurately, although potential for over-reporting is higher in remote schools where officials rarely visit.

Assessment of results and performance

The Basic Education Development Program (BEDP) focused on construction of school infrastructure, distribution of primary school books and strengthening of school management. Five hundred and thirty-nine thousand core primary level textbooks, selected by the DoE, were distributed to all 3,500 primary and community schools across PNG. Over three hundred and twenty thousand (328,475) core secondary level textbooks were procured for distribution to all 204 secondary schools and seven national high schools in 2011. This is a key step towards bringing the necessary resources to schools, which have few up-to-date books. In addition, seven large science kits were procured for distribution in 2011 to the seven National High Schools to help improve the PNG ‘schools of excellence’ and respond to the findings of the 2009 Garnaut-Namaliu Universities Review.

While international studies show a direct link between access to books and quality of learning, it is too early to judge the impact of this activity on learning outcomes. While the need remains great, the primary level textbooks supplied are likely to benefit all 300,600 students currently enrolled in grades 6, 7 and 8 across PNG. The secondary schools books, when delivered in 2011, will benefit the 110,000 children currently enrolled at those levels.

The provision of school infrastructure is an important contributor to school access. Three hundred and twenty-two classrooms and 253 other school buildings, which had commenced construction in 2008 and/or 2009 and had not been completed in 2009, were completed. One hundred and eight-four additional classrooms, 92 additional school offices and 85 additional teachers’ houses that commenced construction in 2010 were completed. Although we do not have enough disaggregated data to know whether all AusAID built infrastructure is leading to more enrolments, the intention is that the 184 new classrooms built in 2010 would create



5,520 new places for students. Nonetheless, some of the new classrooms may also be replacing existing, rundown classrooms. AusAID monitoring visits to the provinces suggested that our infrastructure generally led to increased enrolments, yet a randomised selection of 12 schools where infrastructure was completed prior to 2010 shows a mixed picture of enrolment increases, with some schools even experiencing decreased enrolments. Many other factors are likely to be affecting enrolment rates, including the opening of new schools in the area, tribal fights or natural disasters, which are not reflected in the EMIS figures.

The Education Capacity Building Program (ECBP) focused on providing oversight to the direct financing support provided to education through a trust account. The funding was provided to the DoE for its core annual plan activities, mutually agreed with AusAID, and directly to schools and provincial education divisions. The program also provided five advisers to the DoE.

The PNG Education Institute was launched, allowing the provision of a new residential teaching course to the first intake of 90 elementary teachers from around PNG. Self-instructional materials were provided to 372 elementary school teachers across PNG. Teacher in-service training was provided to approximately 4,000 teachers, slightly under 10% of all teachers in PNG. By providing funding towards teacher education activities and results, AusAID has contributed to the sector objective of improving the quality of teaching. However, our funding for teacher training came late in the year and the capacity of the Teacher Education Division was low, so the in-service training was provided late in 2010 and did not reach all schools. In previous years, teacher education was heavily managed by contractors, which was not conducive to increasing the Division's capacity. Devolving the responsibility back to the Division is an important step in strengthening it, but additional measures, such as targeted capacity development support, will need to be considered.

K27.5 million was provided to elementary schools in PNG to complement GoPNG school grants, using GoPNG systems for grant allocation, distribution and acquittal. As a result, the DoE was able to make the first three years of basic education free, removing a significant barrier to accessing education, especially in rural areas, and leading to increased admission, enrolment and retention. Our field monitoring indicates that a number elementary schools continue to charge some fees, at times called 'project fees', and further monitoring and awareness raising is needed.

One hundred and nineteen provincial and district School Learning Improvement Plan (SLIP) workshops were facilitated, with 6,454 participants attending to help improve school management. Just over seven thousand (7,069) elementary and primary schools have operational SLIPs, an increase of 18% from 2009, and representing about 75% of all elementary and primary schools. AusAID monitoring missions have highlighted, however, that some schools are not clear how to use SLIPs or provide unrealistic annual budget estimates. Nonetheless, the school access and retention rates have increased and it is believed that better school planning and management through the streamlined SLIP tool is partially responsible.

Our increased focus on direct service delivery has led to immediate and tangible results for children and teachers in 2010. Our strengthened use of government systems has led to reduced transaction costs for GoPNG and to stronger leadership and ownership by the DoE which, in consultation with AusAID, determines how Australian funds should be prioritised and is responsible for all monitoring and reporting. Our use of a budget engagement strategy and Performance Linked Aid (PLA), under which certain funding is only provided when the



agreed performance targets are reached, showed results in 2010. AusAID used its agency-wide budget engagement strategy and PLA to negotiate a substantial increase in the GoPNG allocation for school subsidies in 2011 (from K144.3 million to K172 million), which triggered the approval of an AusAID allocation for the same purpose.

The program addressed gender equality in education through construction of ablution blocks at schools and provision of school grants to help abolish school fees. These two factors are major barriers to girls' access to education and retention in school. In addition, the independent evaluation of the education projects found that one of the major BEDP legacies is a cadre of mostly male education officers who are now experienced in working alongside women, especially the women community leaders (District Women Facilitators), and in discussing gender roles and rights. Another major achievement is the network of District Women Facilitators, through which about 400 community women were trained and given a role in the education sector and greater credibility as "role models" at the school community level. While these are positive steps, as the evaluation pointed out, there is concern about the sustainability of District Women Facilitators following the end of BEDP in 2010.

Table 3: Estimated expenditure in 2010

Objective	A\$ million	% of bilateral program
Significant, measurable progress towards the achievement of universal basic education by 2015	40.6	10.8

Objective 3: Improved health outcomes

Rating

■ The objective is unlikely to be achieved within the timeframe of the strategy.

Poor health outcomes in PNG remain static.⁶ They are the result of a dysfunctional and chronically under-resourced health system, and exacerbated by cultural norms and geographical isolation. Those most affected by this are the rural majority. Women typically fare worst as they lack education opportunities, suffer from gender-based violence, and cannot afford to access maternal health services. Women are 80 times more likely to die in childbirth in PNG than in Australia.

Despite increases in outreach clinics and medical officer visits in most provinces, maternal and child health targets are off-track.⁷ Supervised deliveries did not increase from 40%, and referral rates for emergency obstetric care remain very low at an average of 4%. This is largely due to a failure to address the root cause of this issue, namely the lack of trained and adequately skilled birth attendants.

Progress in immunisation is mixed. While the proportion of children under one year receiving three doses of pentavalent vaccine increased from 66% to 70%, those receiving the

⁶ Note that all statistics suffer from time lags so this discussion relies on 2009 performance information.

⁷ National Department of Health (2010) Annual Health Sector Review: Assessment of Sector Performance 2005-2009; Pacific Islands Forum Secretariat (2010) Pacific Regional MDG Tracking Report, p32-37.



measles vaccine declined from 67% to 58%. Coverage for pentavalent vaccine is well below the 2006 level (88%), while coverage for measles vaccine for the past five years remains constant.

Performance against malaria and tuberculosis (TB) targets are more positive.⁸ National malaria incidence continues to decline from 254 in 2008 to 230 health centre or hospital presentations per 1,000 people in 2009. In high endemic areas, four out of seven provinces have significantly reduced malaria incidence, two remained constant, and only New Ireland suffered from an increase. The national case detection rate for TB has improved to 31% in 2009 from 22% in 2008, but is still well short of target levels.

Assessment of results and performance

Australia is the major donor to PNG's health sector. In 2010 it provided \$43 million, as well as investments through global funding to agencies active in PNG's health sector (Global Fund, GAVI, UN agencies, World Bank and the Asian Development Bank). While achievements listed below are important and significant, they are not defined by value-for-money investments, pro-poor targeting or supported by robust systems for demonstrating results. In 2010 there were four areas which demonstrate the key results of the health program:

1. Increased health spending on health minimum priority activities

All provinces (except Morobe) increased health spending of GoPNG resources in 2009, to an average 40% of the actual costs required (up from 25% in 2008).⁹ Some provinces such as Central have received a 362.5% increase from 2008 to 2010. While much more is needed, these are the first significant signs of progress in GoPNG health spending over the past five years.

Australian funded technical assistance has been critical to achieving these funding and expenditure increases. Australia's contribution to funding increases is through long-term advisory support to the National Economic and Fiscal Commission (NEFC), which links the minimum cost of services to conditional health function grants provided and monitored by Department of Treasury. Australia also provides technical advisors in most provinces to support core public financial management functions, which have played a significant role in spending the budget.

Through the Health Sector Improvement Program (HSIP) pooled fund, Australia and other donor support accounted for approximately 36% of all provincial recurrent health spending in 2009.¹⁰ Despite early difficulties in disbursing funds, HSIP spending has increased from K4.7m in 2005 to K17.4m in 2009. Taking into account the combined resources of GoPNG and HSIP, provinces on average spent 60% of the actual costs required (up from an average of 46% in 2008).¹¹

While HSIP has been criticised as an inefficient and parallel system, the 2009 GoPNG Case Study of District and Facility Funding provides evidence that HSIP funds transfers are more efficient and better quality than GoPNG systems. For example, the bulk of GoPNG funds are

⁸ Ibid, p38-40.

⁹ National Economic and Fiscal Commission (2010) Green Shoots of Change: The 2009 Provincial Expenditure Review, p61.

¹⁰ Ibid, p62.

¹¹ Ibid, p64.



spent outside health facility implementation (i.e. on administration), compared with HSIP funding which is sustaining rural outreach patrols.¹² Because health function grants are typically not available until April–May and during the last five weeks in the year, HSIP funds are often the sole source of operational costs during these periods. However, in late 2010 Australian funding to HSIP was suspended until an audit of Australian funds was conducted in early 2011. This was due to adverse findings of a Global Fund audit of HSIP.

2. Medical supply improvements led to fewer drug stock outs in health facilities

On average health facilities had essential medical supplies in stock for only 75% of months in 2009.¹³ This situation has been gradually declining over the past five years and has been the subject of significant local media attention in 2011.¹⁴ This situation has come about because of poor quality procurement and contracting practices at national level, and lack of resourcing and logistical difficulties in distribution at both national and provincial level.

An Australian-funded procurement unit manager in the National Department of Health identified a highly compromised tender process for the procurement of the 100 per cent essential drug kits¹⁵, which resulted in the Secretary of Health cancelling the contract. The Secretary requested Australia to manage the distribution of the remaining 40% medical supply kits to all health centres and aid posts as an emergency response while a new international tender is prepared for the 100% kits. This represented a unique entry point to break a culture of corruption within the medical supplies branch. Australia, together with GoPNG, now has an opportunity to ensure that health centres and aid posts will receive essential medical supplies in 2011, and to develop a transparent and competitive international tender process for all future procurement and distribution contracts. This could have a significant, transformative effect on the health system.

3. Increased quantity and quality of PNG's health workforce

Australian support to the University of PNG's School of Medical and Health Sciences allows UPNG to sub-contract visiting specialist teams. In 2010, six international teams supported by PNG surgeons undertook 149 operations in the areas of oral and maxillofacial, paediatrics, orthopaedics, urology, ear, nose and throat and ophthalmology surgery. In addition, operation 'open heart' involved 60 surgeries, with 32 of these being closed heart surgery performed by PNG surgeons.¹⁶ Australia also provided improvements through expert advisory support to nursing and midwifery programs and the introduction of revised nursing and midwifery curriculums.¹⁷

According to the 2010 PNG Universities Review, PNG does not have nor is producing the health professionals on a scale or of a quality that are required for the most basic improvements in health conditions. PNG has 0.08 doctors and 0.62 trained health workers per 1,000 residents. This compares with an average of 0.48 doctors and 1.11 health workers per 1,000 residents among the developing countries considered to be particularly poorly

12 Department of Provincial and Local Government Affairs (2010) Case Study of District and Facility Funding, p45.

13 National Department of Health (2010) Annual Health Sector Review: Assessment of Sector Performance 2005-2009.

14 For example, see Papua New Guinea: Moves to Tackle Health Kickback Scam, 16 March 2011, IRIN humanitarian news and analysis.

15 A 100 per cent medical supply kit aims to supply the majority of health centre and aid post needs based on the National Department of Health and World Health Organisation Essential Medicines Lists and Standard Treatment Guidelines. A 40 per cent medical supply kit contains the same medical supplies but in less quantity and is designed to meet the needs of health centres and aid posts for 2-3 months.

16 Health Education and Clinical Services Program (2010) Progress Report.

17 Ibid.



supplied with health workers.¹⁸ A major cause of health worker shortages is the lack of recurrent funding. For example, real per capita spending on nursing colleges is about one quarter of its past peaks in the 1980s. Australia's current contribution to health workforce needs is very modest. Future Australian support will need to increase the quantity and quality of midwives, nurses and community health workers to make a difference in rural health settings.

4. An effective GoPNG-led response to addressing public health issues and disease outbreaks

Malaria is one of the leading causes of illness and death in PNG, with the disease affecting nearly 90% of the population. In 2010, Australia provided \$3 million to support the NDoH's implementation of the National Malaria Control Strategic Plan 2009-2013. This included funding a study to facilitate the distribution of the artemisinin-based combination therapies, promotion of new evidence-based treatment guidelines, and an indoor residual spraying program in the endemic areas of the Highlands. This complements Global Fund resources used to combat malaria.

Australian support to the Institute of Medical Research (IMR) over 2007-2010 has led to important results, including: malaria drug resistance results informing NDoH policy and revised treatment protocols; trials of improved malaria treatments for pregnant mothers and infants; maintaining a world class malaria vaccine testing facility in PNG; and vector biology results demonstrating unique PNG malaria management needs.¹⁹

In 2010, Australia supported a rapid and effective response to an outbreak of cholera in Western Province. This quickly stabilised the situation on Daru Island and improved those in the middle and lower Fly River regions. \$1 million supported the provision and transportation of emergency response personnel and essential medical supplies to treat the sick; provision of an emergency clean drinking water supply system for Daru Island; and community health promotion activities undertaken by the Red Cross.

In 2010 Australia continued to maintain an effective approach to advancing gender equality in the health sector.²⁰ Important achievements include supporting:

- The NDoH to include gender-based violence initiatives and operational costs for Stop Violence Centres and Family Support Centres in annual activity plans and budgets in Western and Southern Highlands provinces;
- A gender violence program officer in the family health unit of NDoH, which contributed to a national directive for health facilities to remove user fees; and
- Post-rape care services provided through Family Support Centres (50% of cases relate to domestic violence), including pregnancy testing, post-exposure prophylaxis, treatment for sexually transmitted infections, and psychological counselling services.

18 Garnaut & Namaliu (2010) PNG Universities Review, p10.

19 Fargher, Kiap and Maitainaho (2010) Independent Progress Report: Research Support to the PNG Institute of Medical Research, vii.

20 Capacity Building Service Centre (2011) Activity Completion Report, p75-77.



Table 4: Estimated expenditure in 2010

Objective	A\$ million	% of bilateral program
Improved health outcomes	42.9	11.4

Objective 4: An efficient and effective public service

Rating

- The objective will be partly achieved within the timeframe of the strategy.

Improvements in public sector capacity and financial management performance across PNG's wide range of national and sub-national agencies and statutory authorities are difficult to measure. It is even more challenging to draw a causal link between improvements in public sector institutions and systems and service delivery outcomes. There have been improvements in isolated areas, often where there is a combination of supportive PNG leadership and targeted Australian Government assistance. However, gains are fragile and it is unclear whether they would outlive a negative change of leadership or withdrawal of assistance.

Where agencies have strong and committed leaders, positive efforts are being made. The Department of Treasury, Inland Revenue Commission, Customs, Auditor-General's Office and the Department of Provincial and Local Government Affairs continue to be strong performers, attempting to deliver on mandated functions while undertaking significant reforms.

Most telling of the general state of affairs in the public sector is that, of more than 900 government departments, agencies, provincial and local level governments, only eight received unqualified audit reports for 2007–2009. Information released through the recent tabling in Parliament of Auditor General's reports revealed that the system of public accounts and accountability has virtually collapsed, with auditors unable to perform their roles as most government entities have insufficient records.

The Development Cooperation Treaty Review noted, "PNG faces serious and worsening problems of governance. There is a widespread perception that corruption is serious and on the increase, and that public sector capacity is weak and declining." Corruption in PNG is commonplace, with limited rewards for honest, transparent behaviour and few sanctions for those who are corrupt. The corruption perceptions index, produced by Transparency International, suggest no real change in 2010, with PNG being ranked 154th out of 180 countries.

Overall, the PNG public service's ability to deliver basic services is not improving. This is not for lack of financial resources – total revenue and grants for the 2010 National Budget (Recurrent and Development) were estimated at K8.24 billion, an increase of K1.6 billion on 2009. Poor budget execution practices continue to undermine service delivery. In addition, a range of issues continue to hamper the performance of the public sector, including recruitment practices, the ageing workforce, pay and conditions, staff structures, communications, and access to services for public servants in regional areas.



Erosion of services means that, for many citizens, the State effectively does not exist. At the political level there appears to be insufficient commitment to genuine public service reform and improvement, and a lack of engagement by senior politicians and bureaucrats continues to undermine gains. In this context, lasting change will require strong leaders and managers who lead by example and insist on service delivery as the primary aim of the public service.

The PNG Liquefied Natural Gas (LNG) project is drawing resources and attention away from the public service's core responsibilities. The project is expected to provide a significant boost to PNG's formal sector employment, requiring an estimated 12,000 skilled and unskilled workers. Relative to the focus on LNG activities, public sector reform for improved quality of expenditure and service delivery outcomes remains a second priority.

In 2009, more than K2 billion was transferred out of government trust funds, supposedly as a measure to insulate the local economy from the negative effects of the global financial crisis. This was in breach of the government's Medium-Term Fiscal Strategy (MTFS), amounting to a ten percent budget deficit over the year. There have been steps to improve the accountability of these trust funds, and in 2010 transfers from trust funds were stemmed to some extent, with only approximately K730 million spent (2.8 per cent of GDP). This can be attributed in part to increased pressure from donors. However, additional deposits into trust accounts are scheduled for 2011, indicating the issue remains a concern.

Assessment of results and performance

Australian support for economic and public sector governance is delivered in a number of ways. The three largest programs are the Economic and Public Sector Program, the Sub-National Strategy, and work with economic and public sector agencies under the Strongim Gavman Program. Other support is delivered through multilateral institutions supporting private sector development and the National Statistics Office and Census Project.

Key results in 2010 were:

In 2010, the program initiated a budget engagement strategy for the PNG 2011 National Budget, working with the PNG Government to support allocation of funds towards Partnership priority areas of health, education and transport. Based on consultations with PNG agencies, the program produced funding recommendations aligned to GoPNG sector strategies. The program engaged closely with PNG Ministers and officials throughout the budget process to support strong allocation of funds towards the Partnership priorities. There were a number of good funding outcomes that targeted the Partnership priorities and Millennium Development Goals.

Australian support to the Auditor General's Office resulted in several audit reports tabled in Parliament and development of performance auditing capacity across national and sub-national tiers of government. The Auditor General's Office is now up-to-date with its constitutional requirements and will undertake audits of 2010 performance in early 2011.

The aid program worked closely with the Australian Department of Foreign Affairs and Trade and the Department of Finance and Deregulation to assist creation of PNG's sovereign wealth funds. Many important steps to establishing transparent and accountable funds have been progressed, including legislative steps, process mapping, technical advice and macroeconomic modelling to feed into legislative drafting in 2011.



However some areas have been less than successful. There is continued poor visibility on expenditure from PNG Government trust accounts, and further allocation of funds to trusts through the 2010 Supplementary Budget process. There has been little or no improvement in corruption indicators more broadly, despite achievements at the individual agency level. Due to a change of leadership at the PNG Institute of Public Administration, the expected increase in the number of public servants receiving training has not been achieved. This compounds the lack of capacity in the workforce resulting from an ageing public service together with the effects of attrition, with workers taking up opportunities elsewhere in an LNG Project-buoyed economy.

While Australian assistance may be helping to prevent a faster decline in PNG governance, transformative improvement is highly unlikely in the current environment.

Public sector capacity development and performance. The Australian Public Service Commission is supporting efforts to fill the skills gap – a major constraint to development acknowledged by the PNG Government, donors and the private sector. Efforts are being directed to addressing workforce planning issues, particularly in relation to the replacement of retiring public servants. Additionally, 779 public servants at national, provincial and district level undertook the new foundational training program in 2010 (down from 1,228 in 2009), and 2,860 new public servants undertook induction training (up from 1,199 in 2009). Nineteen graduates completed the 2009 Graduate Program and were deployed across agencies in 2010. Reports from the agencies on previous graduates (2009) were positive.

Economic and Public Sector advisers are contributing to building capacity in core systems of public administration (corporate planning, IT, human resource management and financial management) in the PNG Department of Finance, Treasury, Auditor General's Office and Internal Revenue Commission.²¹

Strongim Gavman Program (SGP) support has assisted central agencies to tackle staffing issues, although lack of staff and weak staff discipline continue to pose a major constraint to effectiveness. Long-term staffing shortages and position vacancies in the Department of Finance were addressed during the second half of 2010 by recruiting more than 134 positions in Waigani, and 24 substantive positions in provincial offices. A compulsory retirement program was implemented, targeting 37 officers at retirement age. Program support has also contributed to staffing level improvements in the Structural Policy and Investment Division of Treasury; by June 2010, 16 of the 19 positions were filled, up from 14 at the start of the year and only 10 staff at the start of 2009.

In relation to support for budgeting and financial management for service delivery, there were also a number of positive influences and outcomes through Australian assistance, particularly in relation to the budget process and support for external and internal auditing functions. However, budget execution remains weak.

The SGP supported the Budget Division of Treasury to shift the emphasis of the 2011 Budget papers from inputs to outcomes by creating visible linkages between recurrent funding and service delivery, supporting the new Medium Term Development Plan. This helped stakeholders to understand the importance of funding the recurrent budget appropriately, and

²¹ The Economic and Public Sector Quarterly Program Report (1 June 2010- 30 September 2010) provides several examples of EPSP assisting GoPNG to implement public sector reform.



allowed some key recurrent budget initiatives to be supported. As a result, the 2011 Budget saw some real improvements in allocations. Enhanced recurrent funding for education will fund an additional 4,000 teachers to be deployed in provinces. Similarly, the increased allocation to law and order will enable an additional 630 police to be put on duty. Increased funding for the Education Subsidy also triggered an AusAID performance payment.

The first phase of the government accounting system improvement was delivered to Department of Finance in April 2010, providing a modern and improved operating platform for financial management across government. The system now provides enhanced receipting and transaction capabilities, including the ability to accept EFTPOS transactions. More flexible reporting provides better management tools for increased efficiency, and the system also has strengthened system backup and user security.

The Auditor General's Office has cleared the 2007 and 2008 audit backlog and will complete 2009 and 2010 audits on time. Staff can now complete a quality audit more efficiently – in 2007 the Office required 30 staff days to audit provincial financial statements but in 2009 a more thorough financial audit required only 20 staff days.

The Department of Finance Provincial and District Finance Management Division (PDFMD) started monitoring execution of the 2010 budget through monthly expenditure reports consolidated from Provincial and District Treasurer levels. This has resulted in better budget execution and responsiveness to emerging issues.

Service delivery and the decentralised system of government

There has been a range of positive developments in the operation of the decentralised system and capacity of some provincial administrations during 2010, often achieved through a combination of local leadership and Australian support. The national government has continued with the implementation of new intergovernmental financing arrangements legislated in 2009, and for a second year, has increased payments for service delivery to under-resourced provinces.

Evidence from the National Economic and Fiscal Commission (NEFC) suggests that in many under-resourced provinces, additional funds are being better allocated towards the service sectors, particularly health, education, infrastructure and agriculture.²² The role of DPLGA and NEFC in supporting provinces and providing public analysis of expenditure through Annual *Provincial Expenditure Review* is becoming entrenched. This is providing an incentive for increasing provincial expenditure on service delivery and improving the monitoring of service delivery outputs.

AusAID's adviser to the National Research Institute has allowed it to continue to produce high-quality research reports related to decentralisation and sub-national government that are driving public policy debate. The 2010 publication of provincial and district profiles is one example of this work.

Australia supports the Provincial Performance Improvement Initiative (PPII), an incentive-based program providing funds to better performing provinces. Under this initiative, a number of provinces have increased their ability to respond to their service delivery mandate.

²² National Economic and Fiscal Commission (2010) Provincial Expenditure Review.



For 2011, all 'phase two' provinces under PPII submitted their budgets on time and in accordance with Treasury requirements.²³ This facilitates an expedited release of funds to provinces, which are increasingly spending their funds on service delivery priorities. Through PPII, provinces like ENB have used NEFC-produced costing information to improve allocations to health facilities and remote districts.

In East New Britain (ENB) and Sandaun, restructuring of provincial administrations is facilitating a renewal of staff, an improved work ethic and location of more service delivery staff in remote areas. ENB has been supported to implement a promising system of direct funding to health facilities; visits to select facilities has seen them privately purchase more drugs and perform more health patrols than in the past.

Improvements in IT and monitoring systems in seven provinces have enabled the capture of accurate monthly performance information for the first time. This should form a basis for national-level reporting, and inform local and national decision making in relation to service delivery.

Increased communication between provinces, districts and local level governments has led to improved coordination in some provinces. In Sandaun, the meeting of the Provincial Coordination and Monitoring Committee led to an agreement on a way to supply generators and improve regular power supply within the province.

The aid program supports improved performance in provinces or regions of national interest to both governments, in particular, Bougainville. The Autonomous Bougainville Government underwent considerable change in early 2010, with election for a new president and members of the provincial parliament conducted during this time.

Australian support included funding for power, as well as staff housing and offices for education and health divisions in remote areas; assisting Bougainville to engage constructively with the PNG Government through the Joint Supervisory Board; assisting the administration to recruit 149 positions to address critical staff shortages; and advisory support to prepare for the direct funding of health facilities.

Donor harmonisation stalled slightly in 2010. The preparation of a joint understanding of PNG's public financial management problems between AusAID, the ADB, World Bank and EU was finalised (Framework for Enhancing Fiscal Management) but little traction has been made with GoPNG and, as a result, the World Bank's interest has diminished. While direct engagement with other donors is limited, one example of this is AusAID co-funding the UNDP to oversee a financial management capacity building program in six provinces and their districts in partnership with the PNG Department of Finance.

Currently Schedule 4 of the Partnership for Development outlines the government of Australia's support to the public sector. As a result of the Development Cooperation Treaty Review it is likely that in 2011 this Schedule will be mainstreamed across other sectors, increasing the focus of assistance delivered to public sector institutions toward specific needs in health, education, law and justice and transport sectors.

23 Kelly, L. (February 2011) Report on the AusAID Sub-national Program 2010.



Table 5: Estimated expenditure in 2010

Objective	A\$ million	% of bilateral program
An efficient and effective public service	69.7	18.5

Objective 5: Development policy and program formulation based on sound statistics and performance reporting

Rating

■ The objective will be partly achieved within the timeframe of the strategy.

Assessment of results and performance

In 2010 Australia provided funding, technical assistance and procurement to deliver the Household Income and Expenditure Survey (HIES); to assist the Government of Papua New Guinea (GoPNG) to undertake the 2011 National Population Census; and to assist the GoPNG to improve collection, analysis and use of data in policy formulation through the design of a National Statistical Development Strategy.

Steady progress was made in several areas under this initiative. Even with numerous delays, inconsistent GoPNG funding, and hold-ups in payments from the Department of Finance, the final month of data collection for the HIES was conducted in December 2010. The National Statistical Office (NSO) has noted that without AusAID support, it is unlikely that the HIES would have been completed. Thus far, the data collected has been rated as good quality by World Bank statistical advisers. This data will now be used by the GoPNG (with donor support) to analyse the poverty situation in PNG, rebase the Consumer Price Index and input into the national accounts. In a rapidly changing national environment, these timely social and economic statistics will ensure the best quality information is available to decision makers. The first data from the HIES is expected to be released in May 2011, however there is a risk that although the NSO has collected the data, a lack of technical capacity and management resolve could result in the data being released late, to a limited number of users, with poor quality analysis. AusAID will continue to work with other donors in facilitating and promoting processes to ensure the timely release of quality data and analysis.

The HIES has included a focus on gender equality at all stages of the project. The survey has been designed to include collection of data on violence against women and children in the home and to allow greater sex disaggregation of data. The approach taken in the HIES demonstrates good practice in collection of disaggregated data, sex targeted questions and training of enumerators that should be used in other surveys. These efforts will allow for changes to be made to the way programs are designed and implemented to ensure that benefits are delivered to women and girls in addressing poverty as well as social and economic barriers facing women.

Targeted Australian support to the NSO has assisted with key phases of the 2011 National Census. However despite this support and a legislative and political imperative to complete the Census by 2011, the Census project is weakly managed and off-track. The Census has already been delayed from 2010 to 2011 due to unrealistic timelines and limited capacity



within the NSO to manage such a project. The PNG Central Agency Coordinating Committee (CACC) is attempting to exert control over the project through initiating a financial audit of spending, a new staffing structure and the appointment of a fund manager; however work on these matters remains slow, especially given the time constraints.

As of January 2011, the Census project is in danger of failure, posing a significant political risk for the GoPNG given the Census is already delayed. There are insufficient technical skills and experience within the NSO and the Census Project, particularly in the areas of project management, field operations, data processing, mapping, data analysis, information dissemination and financial management. Inter-departmental processes (e.g. finance) are also an issue. There have been sufficient funds allocated by the GoPNG in the 2011 budget, however previous delays have been caused by problems in funding flows from the Department of Finance, which is potential risk again for 2011. AusAID support has been provided through a range of technical assistance (including senior Census, financial and operations advisers, who have worked closely with NSO, although this support has been more modest than the support provided for the 2000 Census.

More broadly, progress towards assisting the GoPNG to collect, analyse and use data is on track. Through the National Executive Council (NEC), the GoPNG has endorsed the policy and governance structure for the development of a National Statistical Development Strategy (NSDS), including a technical working group chaired by NSO. The Organisation for Economic Cooperation and Development and the Secretariat of the Pacific Community are taking the lead on this assistance, with support from AusAID.

Table 6: Estimated expenditure in 2010

Objective	A\$ million	% of bilateral program
Development policy and program formulation based on sound statistics and performance reporting	1.2	0.3

Objective 6: (a) Stabilise spread of new HIV infections by 2020 and provide effective care and treatment of those infected and (b) Strengthened national capacity to lead, coordinate and implement the HIV response

Rating

- 6a – The objective will be partly achieved within the timeframe of the strategy.
- 6b Government – The objective will be partly achieved within the timeframe of the strategy.
- 6b Civil Society – The objective will be fully achieved within the timeframe of the strategy.

The National HIV and AIDS Strategic Plan 2006-2010 aimed to stabilise the spread of new infections by 2020, to improve care, and to minimise the impact of the epidemic on individuals, families and communities. PNG's epidemic is the second most severe in the Asia Pacific region after Thailand, with a national HIV prevalence of 0.9%. HIV is fuelled by rapid and uneven development, and gender inequality. One of the most important findings from the revised estimates in 2009 is the differences in epidemic spread from province to province, with geographically concentrated epidemics of over 1% prevalence in the highlands



and in and around Port Moresby. This data also suggested a slowing of new infections in these worst affected areas where the stabilisation response has been most intense. 2010 reporting on prevalence is not yet available. New developments like the Liquefied Natural Gas Project are already increasing the risk to people in the southern highlands and the capital. In 2010 the GoPNG has paid more attention and provided more funding to HIV although much of the response was implemented by non-government service providers. In an historic first, GoPNG filled the gap left by the failure of Global Fund Round Nine application by allocating nearly six million kina for ARV drugs in 2010.

Assessment of results and performance

The PNG-Australia HIV and AIDS Program is a flexible multi-year program designed to support the national HIV response and the National HIV and AIDS Strategic Plan 2006-2010 in PNG. In the HIV sector, improvements have been made in reporting, service provision and access to testing and antiretroviral (ARV) treatment. By the end of 2010, 7555 adults and children were on ARV compared with 6751 people in 2009 (Note: 2010 figures for the percentage of those on treatment compared to those eligible are not yet available).²⁴ Services providing antiretroviral therapy increased to 61 sites in 2010 up from 55 in 2009. Other sources²⁵ show increases in access to testing and treatment services by sex workers and men who have sex with men in the capital (66% in 2010 compared to below 50% in 2007), this includes ongoing access to antiretroviral therapy which reduces the likelihood of transmitting HIV to sex partners.

The recent Office of Development Effectiveness Evaluation²⁶ of the Program acknowledged Australia has 'made important and essential contributions to the expansion of testing and counselling services throughout the country', and to care and support for people with HIV, although it reported poor progress in prevention, especially community-based behaviour change. Australia has long supported community based behaviour change through programs such as Tingim Laip (community-based HIV prevention in high risk settings, with 36 sites in 11 provinces) and Voluntary Services Overseas Tokaut (community drama project). However, to date these programs have had limited success in increasing use of condoms. Globally, the effectiveness of community based behaviour change for HIV prevention continues to be a matter for debate, however, the health sector components of testing, counselling and treatment are now considered essential to prevention packages, combined with peer outreach and condom distribution for those most at risk (UNAIDS). Both the latter approaches have been supported by Australia, and effectively implemented by our civil society partners. Australia's contribution is quantifiable in some key result areas:

- **Testing and Treatment.** The Catholic Health Service and other civil society partners now operate 111 HIV testing sites (42%) out of the national total of 266, and were responsible for testing 75,327 people in 2010. This represents 56% of the national total of 134,798 people testing, up from the national total of 123,000 in 2009. Twenty-three percent of facilities providing antiretroviral treatment were run by AusAID's partner non-government organisations. The National Catholic AIDS Office, funded by AusAID, was directly responsible for 23% of people (or 1,774 people) on

24 PNG Universal Access Report 2010

25 UNGASS 2010 report (40%); Askim Na Save, 2011 (37%)

26 Draft Evaluation of the Australian Aid Program's Contribution to the National HIV Response in Papua New Guinea, AusAID 2011



treatment in 2010. In supporting NGOs to deliver these services, AusAID provided funds for building or refurbishing 19 new testing and treatment centres for HIV and Sexually Transmitted Infections (STI), for staff training and administration, for prevention, treatment and care activities, and for monitoring. Monitoring and data collection by partners has also improved, with 60% of sites run by Australian funded organisations reporting regularly on national indicators disaggregated by sex and age, up from 25% of sites in 2007.

- **Targeted Prevention.** Australia funds Save the Children's Poro Sapot Program to deliver services to marginalised populations most at risk in Port Moresby, Lae and Goroka. This has resulted in steady improvements in the numbers of most at risk populations who are accessing services. A recent independent survey from Port Moresby²⁷ reports the percentage of female sex workers using condoms at last sex with a client at 37% and accessing health care services at 66% in 2010. Importantly, 94% of those who tested HIV positive were on antiretroviral treatment, making them much less likely to transmit HIV, even without a condom. In comparison, a 2007 evaluation of Poro Sapot showed below 50% of female sex workers had accessed a STI or HIV service in the last 12 months.
- **Quality of, and Access to, Services.** Clinton Foundation's Health Access Initiative helped increase the number of children on treatment and improved their follow-up through training and strengthening case management systems. For example, coordinated efforts between Well Baby Centre and Heduru clinic in Port Moresby General Hospital have placed over 140 children on treatment since February 2010 and reduced those lost to follow-up to 7.4%. Their work to build district level health service capacity resulted in 44% of adults (616 people) in Eastern Highlands Province being treated for HIV. Similarly, some partners from the PNG Australia Sexual Health Improvement Program work closely with provincial health divisions: in Eastern Highlands the Lusa Numini Project delivers STI services through government clinics and the government has committed to take on the extra staff positions after 2012. Since the project started in 2008, client numbers have grown by 170%, from 2773 to 7475 in 2010.
- **Behaviour change and condom use.** While access to, and uptake of, condoms is a critical component in HIV prevention packages, poor results to date will necessitate further investigation and innovative approaches. Despite the distribution of 17.9 million condoms by National AIDS Council Secretariat and Provincial AIDS Councils in 2010, up from eight million in 2007, condom use continues low; only 17% of plantation workers in a recent study reported using a condom at last commercial sex.
- **Strengthening the national capacity to respond to the epidemic.** This has been a less successful area for the PNG Australia HIV and AIDS Program, as noted in the review by the ODE (2010). The National AIDS Council Secretariat (NACS), where much capacity building assistance has been directed, continues to be characterised by poor performance. Despite management issues, NACS have achieved some results in advocacy, policy development and research coordination, with support from their National AIDS Council and the program. NACS successfully lobbied the Government

27 Askim Na Save, 2011, PNG Institute of Medical Research and UNSW



for more budget allocation to the Secretariat and for HIV, including from recurrent funding. However, coordination with the Department of Health at both National and Provincial level and with Provincial administration has been a weakness. This has impeded program efforts to work with provincial level in 2011.

The Global Fund to fight AIDS, TB and Malaria has been another major contributor to the PNG response. The Round Four grant, which was instrumental in scaling up HIV treatment and testing, ended in September 2010. The Round Ten proposal for US\$49.8 million over five years was approved in November 2010, and will come on line in 2012. The assistance from the Global Fund has been undermined by the poor financial management systems the Department of Health, who have since resigned as principal recipient for all grants because of ongoing concerns from Global Fund about its performance.

Other donors in 2010 included NZAID, USAID, the ADB and the United Nations (UN) agencies. While the UN's financial contribution in 2010 was small (around 3%) they contributed particularly to improvements in prevention of parent to child transmission, uptake of counselling, testing and treatment; health care worker training; advocacy for enabling legal environments and protection of human rights. However, the 2007-2011 joint Country Programme on HIV was seen as over ambitious and the 2012-15 UN Country Programme will focus on the UN's comparative advantages of neutrality and independence, championing of human rights and evidence based strategies.

HIV in PNG is driven by gender inequalities exacerbated by social and economic factors. Violence against women in PNG is severe and is an important factor in HIV transmission, as sexual assault greatly increases the chance of transmission. Antiretrovirals can be given to prevent HIV in the first 72 hours after an assault (post exposure prophylaxis), however, this is not common practice in PNG²⁸ and is an area which warrants more attention in future.

Violence is also a potential unintended consequence of a woman's diagnosis or treatment which needs to be addressed in all HIV services. Reducing domestic violence as a result of women testing positive at antenatal services has been addressed by CHAI and Catholic Health Services. CHAI has achieved increases in numbers of couples counselled and increased rates of follow up. In the Eastern Highlands Rural Initiative, of 54 positive mothers in 2010, half came back with their husbands for testing and care, and 20 negative couples have come for the new "Staying Negative Couples Counseling" at the Goroka General Hospital Family Clinic. At Port Moresby General Hospital, 134 parents registered for treatment in first ten months of 2010, twenty of whom were fathers. These results also attest to reductions in community stigma.

The Catholic Health Services also support men's involvement in health, to make sure that women are not at risk of violence as a result of testing or treatment – for instance, the National Catholic AIDS Office set up a men's health clinic in Mingende in 2010. It was attended by 455 men in 8 months, with around a third opting for an HIV or STI test and 23 men bringing wives for testing. The model will be extended to other sites.

The program also addresses gender equity at policy and program level. The program has worked to ensure the National HIV Strategy 2011-2015 represented women's views, needs,

²⁸ HIV Prevention in Rural Economic Enclaves – A Health Workers Baseline Study, NRI, 2010



interests and rights in its strategic objectives and key activities. In program implementation the program has ensured partners are fair to women and men, so both can participate in, and benefit equally from, programs. The PNG Australia Sexual Health Improvement Program centres, for example, have separate safe spaces for men and women and engage both male and female counselling staff.

Better integration with the health sector HIV response, in GoPNG and within AusAID, was one of the expected results for 2010. The Program has been steadily pursuing this objective and has funded the National Department of Health to develop an HIV plan, as well as collaborating with partners to develop the 2011 Health and HIV Partnership for Development Schedule.

Table 7: Estimated expenditure in 2010

Objective	A\$ million	% of bilateral program
(a) Stabilise spread of new HIV infections by 2020 and provide effective care and treatment of those infected and (b) Strengthened national capacity to lead, coordinate and implement the HIV response	33.7	8.9

Objective 7: Improved ability to provide Law and Justice services

Rating

■ The objective will be fully achieved within the timeframe of the strategy.

PNG faces significant law and order problems. Unreported crime and a lack of reliable statistics²⁹ make it difficult to analyse trends in criminal justice in PNG, but it is clear the sector has not made significant inroads in tackling law and order problems. Violent crime, armed robberies, family and sexual violence and corruption are common. Community crime surveys indicate poor perceptions of corruption and police performance, although results from crime surveys in Port Moresby in 2009 indicate some improvement in community satisfaction with police. Businesses and individuals are increasingly turning to private policing (private security guards and privately funded police units) to protect people, business and property. Prison breakouts and poor staff discipline remain significant problems for Correctional Services. A UN Special Rapporteur on Torture mission to PNG in 2010 reported beatings of detainees, widespread use of excessive force by Police and Corrections, poor prison conditions, juveniles held with adults in police lock-ups, and women vulnerable to sexual abuse in detention.

The LNG project presents significant challenges for the sector, including increased criminality and landowner disputes. Scarce police resources have been drawn from other high-need areas to deliver LNG project security. However, in 2010 the sector developed a strategy for responding to the LNG challenges which, if strengthened with full costings and a sound implementation plan, should be a valuable tool for budget advocacy and planning.

²⁹ The sector's 2010 Annual Performance Report (APR) was not available at time of SPR drafting. Therefore much of the data for this SPR is drawn from the 2009 APR and the ISP 2010 Annual Report.



Assessment of results and performance

The strategic objective of Australia's assistance to the law and justice sector is to support PNG to achieve significant, measurable progress towards achieving 'a just and safe society for all in Papua New Guinea'. Australia's contribution to the PNG Law and Justice Sector in 2010 was through the PNG Australia Law and Justice Partnership (PALJP), the Strongim Gavman Program, and the PNG-Australia Policing Partnership.

In 2010, key national and district courts were built or refurbished, including completion of the Bomana, Kerevat and Kainantu court house construction, Daru court house refurbishment, and plans completed for Kavieng and Alotau court complexes. Improved infrastructure has resulted in extended and improved court services, allowing courts to process cases more efficiently and reduce backlogs. Working directly with magistrates, Australian-funded advisers are increasing the professional standards of the magistracy to make better judgments. In 2010 judicial performance monitoring indicated improvements in magistracy, particularly in the area of judgment writing and judicial leadership. In the second half of 2010 the Magisterial Services librarian received twice the number of judgments that were received in 2009. Courts have improved data collection, vital for decisions on resourcing, access to justice, and improving service delivery. All these improvements are increasing the capability and professionalism of the magistrates and the administrative staff to deliver judicial services according to sound practice.

Anti-corruption reforms have generally strengthened responses to fraud and corruption within law and justice sector agencies. Training for National Anti-Corruption Alliance investigators resulted in a five-year high in the number of arrests (29 in 2010 up from 16 in 2009). Australia supported systems improvement with a continued reduction in fraud across all agencies. Support for audit and reform of pensions in Correctional Services and the Royal PNG Constabulary (RPNGC) achieved significant savings for the recurrent budget (K2.8 million projected for RPNGC in 2011).

The twinning program between the PNG Ombudsman Commission and the Commonwealth Ombudsman continues to promote improved practices in investigation of public complaints, administrative practices of government bodies, and breaches of the leadership code. Changes in work practices have improved investigation completion rates: 35% of cases outstanding at the beginning of 2010 are now well progressed and 6% are near completion or complete. The referral of the Prime Minister to the Public Prosecutor for breach of the Leadership Code is a significant example of increased effectiveness and commitment.

The PNG-Australia Policing Partnership has supported strategic development plans for Bomana Police College aligned to the RPNGC Centre of Excellence, and rehabilitation and modernisation of seven provincial police watch houses and cells to comply with international standards on human rights. Further work is required on 184 police stations and watch houses.

Establishing a Proceeds of Crime Unit within the Office of the Public Prosecutor and strengthening the RPNGC's Financial Intelligence Unit has seen the first seizures under the Proceeds of Crime Act. The Proceeds of Crime Unit already has cases targeting over K20 million, has recovered K1.2 million, and restrained over K5 million of property. These achievements can be directly attributed to the support provided to RPNGC's Financial Intelligence Unit through the PNG-Australia Policing Partnership, and the Strongim Gavman Program's activities in the Office of the Public Prosecutor.



Correctional Services is driving an organisational reform agenda to place civilian staff in corporate positions, allowing uniformed officers to return to core functions managing prisons outside of Port Moresby. A twinning relationship has been established with Queensland Corrections which will provide leadership training for Corrections officers. PALJP funded major capital works programs to improve Corrections infrastructure, including seven new staff houses at Lae prison. Providing staff housing addresses a major impediment to deploying, retaining and motivating staff in correctional facilities, and therefore improves effective functioning of prisons, and public safety more broadly.

Tribal fights in Eastern Highlands Province continue to reduce with support from the District Peace Management Teams (DPMTs). Of the 94 tribal fights recorded in the province since 2007, 48 have resulted in peace agreements accompanied by supporting development activities, and 46 are negotiating peace agreements. Peace agreements have meant displaced communities are able to return home, generate income and access critical economic and social services. Estimated deaths from tribal fighting have reduced from 400 annually prior to the establishing DPMTs, to 40-50 deaths annually.

Support for the high profile Yumi Lukautim Mosbi (YLM) program in Port Moresby is helping youths to find employment and other alternatives to crime, and bringing law and justice agencies together with the local government, businesses and communities to address law and order concerns. In 2010 800 participants graduated from skills development courses and 550 young people completed permanent on-the-job placements in over 50 businesses. A Bus Stop Safety Wardens program was piloted with 137 graduates. In total, approximately 1500 young people 'at risk' have given community service and in return received training in 2010. The National Capital District Commission and the business community now have strong ownership of the program and it is well placed to continue without significant donor support.

Law and justice service delivery on Bougainville has been improved and extended. Recent housing projects have enticed a well respected Assistant Police Commissioner and lawyers from the Public Solicitor's Office to Buka. A temporary court house was also built in south Bougainville (Buin), enabling the district magistrate to conduct circuits. Three Community Justice Centres have strengthened informal justice systems and 960 new village court uniforms have increased the standing of the magistrates, clerks and peace officers. Three police station upgrades, a quartermaster (supply) store and training centre all increase the ability of the Bougainville Police Service to function across Bougainville. Stage one of the correctional facility on Buka Island is complete, providing humane conditions for up to 40 low risk prisoners and remandees, and alleviating the burden on police holding facilities. Major work has been completed on a professional resource book to support good judgements in the courts. Plans are underway to extend policing and judicial services to the Central and Southern regions as a result of improved security.

Progress towards gender equality, equal participation in decision-making processes, equal rights within the justice system and equal access to justice services continues across the sector. PALJP supported the sector to implement and monitor PNG's Law and Justice Gender Strategy. Specific contributions include:

- Supporting an increase in the number of female magistrates in the Village Courts system from 40 in 2007 to 500 by the end of 2010, consistent with the PNG Government's gender equality strategy for Village Courts. Increased numbers of female magistrates is seen by the PNG Government as an effective way of giving



women a greater voice in decision making, and helping break down male dominance of the judicial system and customs that assert male control over women.

- Improving policing services to victims of family and sexual violence, including by establishing Family and Sexual Violence Units (FSVU) in Port Moresby, Mt Hagen and Kokopo. These units are staffed by police officers trained in FSV responses, provide a private and secure space for victims to report offences, and are linked to other legal and support services.
- RPNGC responding to over 1050 family and sexual violence complaints (up from 384 in 2009) indicating increased RPNGC capacity to respond.
- Interim Protection Orders (introduced in 2009) operating well through the District Courts, providing immediate protection from physical or sexual violence, and threats or actual damage to property.

Strategies for preventing the spread of HIV/AIDS are considered in capital works programs, and the sector’s response to the LNG project, including managing risks of large police camps and deployment of mobile squads. In 2010 Correctional Services incorporated male and female sexual health training aimed at reducing HIV and family and sexual violence, and the Bomana prison clinic gained accreditation as a Voluntary Counselling and Testing site for prisoners and staff.

Table 8: Estimated expenditure in 2010

Objective	A\$ million	% of bilateral program
Improved ability to provide Law and Justice services	33.4	8.8

Objective 8: Increased workforce skills

Rating

- The objective will be partly achieved within the timeframe of the strategy.

Assessment of results and performance

The post-secondary sector is complex and fragmented, posing significant difficulties. It is administratively separated into several universities and higher education colleges, of which some are technical and business colleges (TVET), and legislatively separated under a number of Acts. PNG has very few people with post-secondary education - the gross enrolment ratio³⁰ has dropped slightly over the last four years, and in 2010 was estimated to be 4.2%. This is comparable to sub-Saharan Africa. Furthermore, there are too few people with TVET trades to meet labour market needs. In TVET colleges the learning outcomes are poor, facilities and equipment are run-down, teacher capacity is lacking, and the curriculum is outdated; challenges which are mirrored in the university sector. Often, church-run TVET

30 Gross Enrolment Ratio in post-secondary education is widely used to show the general level of participation in post-secondary education. It is defined as the total enrolment in post-secondary education regardless of age expressed as a percentage of the official post-secondary population in a given year.



colleges and universities are better managed and their graduates are preferred by employers over government-run institutions.

A review of PNG's universities³¹ was finalised in May 2010, however findings have yet to be endorsed by PNG Government. In the interim, AusAID provided support for a range of measures to improve institutional performance. Volunteers were provided through a Group of Eight University of PNG pilot collaboration, making a modest but important contribution to academic capacity building. This will be scaled-up in 2011-15 as part of an institutional twinning program, helping PNG universities meet shortages in academic staff and reducing PNG academic isolation.

A needs analysis for the TVET sector started in late 2010 and will be finalised in mid 2011. It will inform future AusAID and GoPNG programs and serve as a baseline to measure progress. In late 2010 a business advisor was recruited to build administrative, planning, budgeting and management capacity in Post Moresby Technical College. Capacity building support was also provided to Department of Education's TVET Division in support of competency based training, producing National Certificates I to IV in electro-technology. In 2010, AusAID provided expertise to PNG's TVET Skills Scholarships Program on setting up the scholarship program, pre-departure preparation for scholars, and in-Australia student support.

In 2010, Australia awarded 130 Australian Development Scholarships and 143 graduates returned to PNG. In addition, Australian Leadership Awards Scholarships (Masters and PhD level) were awarded to 10 potential leaders, and nine of these graduates returned in 2010. Five Papua New Guineans were provided Australian Leadership Award Fellowships for short term professional development opportunities in Australia.

AusAID's scholarships program underwent significant change in 2010. A joint selection process and pre-departure briefing process was agreed with New Zealand government, improving donor harmonisation. This introduced efficiencies of scale to achieve better value for money and reduce transaction costs for the PNG Government and scholarship applicants. Collaboration with New Zealand was also designed to reflect the findings of an AusAID review of scholarships conducted in 2009, and aims to reduce the number of course extensions and terminations, and improve reintegration into PNG upon completion of awards. The program was also better aligned with PNG's national training and development priorities, with specific targeting of service delivery areas (health and education).

Since the establishment of the Australia Pacific Technical College in June 2007, 735 Papua New Guineans have graduated from the college (462 of these were from the Automotive, Construction, Electrical and Manufacturing School, 270 were from the School of Tourism and Hospitality and only 3 were from the Health and Community Services School). In 2010 there were 129 PNG students currently on scholarships, and 327 currently enrolled students (including scholarships, self-sponsored and industry-sponsored).³²

The now redesigned scholarships program targets gender parity. In 2010, of 124 ADS awardees, 61 (49%) were female, and of 11 ALAS awardees, seven (64%) were female. In the 2010 selection process, 50% of the 2011 scholarships were awarded to women, though they represented only 39% of total applications. Strategies to address stresses faced by PNG

³¹ PNG Universities Review, Professor Ross Garnaut and Sir Rabbie Namaliu 2010.

³² Data taken from APTC PNG Update Report of March 2011



women awardees were also introduced in 2010. This includes pre-departure training for women on managing personal finances, and training for awardees and their spouse on likely pressures they will face when living in Australia. When in Australia, it also includes case managers for awardees, with a specific mandate to support women including through the resolution of personal and domestic issues. Lastly, women receive targeted support for reintegration into the PNG workforce, including support provided through the PNG-Australia Alumni association.



Objective 9: Men and women, civil society, and the state working together to meet communities' needs

Rating

 The objective will be fully achieved within the timeframe of the strategy.

Although citizens generally support democratic processes, public accountability in PNG remains poor. While some oversight agencies such as the Ombudsman and Internal Revenue Commission performed relatively well this year, state institutions remain weak overall. The Democratic Governance Program is concerned with citizen participation in governance. A fundamental, long-term democratic governance challenge in PNG is for citizens to contribute to the integration of informal and formal practices, so they reflect the views of all. PNG sustained low participation in the important areas of identifying social outcomes and how to achieve them, and the formation of policies and institutions based on citizen preferences.

The PNG private sector is relatively small, and growing modestly with boost from the LNG operations. Civil society continues to grow and the country's informal institutions remain strong. Traditional leadership and clan structures, wantok networks and customary practices (kastom) influence local level behaviour, as well as the set of informal rules that govern politics and how the government operates in practice. At the community level, localised, traditional governance structures strongly influence how decision-making, conflict management and gender relations are determined. Particularly in the Highlands region, these strong structures can pose significant challenges to women's participation, leadership and decision-making power.

Assessment of results and performance

In 2010, the Program supported GoPNG in stronger citizen-government engagement, and to manage public expectations regarding what services can realistically be provided. In doing so, the Program has enabled non-state actors to partner with government through four main programs: Strongim Pipol Strongim Nesen (SPSN: Empower People, Strengthen the Nation) and its predecessor the Democratic Governance Transition Program (DGTP; the Church Partnership Program (CPP), the Media for Development Initiative (MDI), and the Electoral Support Program.³³

Democratic Governance Transition Program, Strongim Pipol Strongim Nesen and CARE Australia

DGTP was designed to focus on strengthening civil society, promoting good governance, and addressing small-scale immediate development needs in communities.

Evaluations of DGTP projects indicate they directly and indirectly benefited thousands of people living in communities around PNG over its life. Projects resulted in new and strengthened networks, partnerships, and stronger leaders and improved internal governance

³³ In July 2010, building on the successes of AusAID's previous community development programs, CDS and DGTP, SPSN was mobilised. \$100m will be implemented over four years to support a range of activities including long-term partnerships between government and civil society (at sub-national levels), community grants and organisational strengthening aimed at improving governance and service delivery, particularly in the areas of health (maternal and child health and HIV), education (basic and non-formal adult education), gender (including violence against women), and disability. Eight SPSN Field Offices will target two or three provinces, providing AusAID with an opportunity to provide much greater depth and breadth of coverage to rural remote communities. By strategically aligning with geographic areas of need, SPSN will ensure the most vulnerable geographic areas are targeted.



of citizen groups. For example, new committees created formal decision-making positions for women, and linked citizens to the Local Level Government.

Results included reductions in domestic violence and conflict, and reduced incidents of harassment. Participatory evaluations found evidence of a broader group of women and men increasingly involved in community decision-making, an important gender outcome.³⁴ In 2010 there were 161 small grants to communities, contributing to community driven development initiatives. There were also 21 grants to district sports organizations for youth participation in sports activities, which led to small but valuable contributions to gender equality and crime reduction at the community level. There were eight grants towards specific media initiatives that led to the establishment of community noticeboards and assisted the establishment of provincial branches of the National Broadcasting Corporation, contributing to improved information flows to people in remote communities. There were also 16 grants to communities along the Kokoda track for a range of needs identified by those communities (primarily training, improved nutrition, and improved radio communications).

DGTP programs contributed to improved access to elementary education, with increased enrolment and class participation achieved for children in participating villages.³⁵ In Sandaun, installation of media infrastructure, and provision of software and staff training, resulted in radio coverage increasing from 25% to 95% for neighbouring sub-Districts and Provinces.

AusAID supported CARE Australia (CARE) to trial their Integrated Community Development Program (ICDP) in some very remote and impoverished districts.³⁶ CARE's 2010 baseline study in Yelia, Obura-Wanegara District, showed that the infant mortality rate of 191 deaths per 1000 live births is almost double the most recent national figure, that over 70% of people had no schooling, and only 27% of people are literate (compared to 56 % nationally). The program targets a population of up to 150,000, located in extremely challenging geographical environments that are conflict affected, and as a result there is no service delivery of any kind. To date, CARE has:

- supported food protection through crop diversification in anticipation of a drought in 2012, establishment of aquaculture (fish farms to provide protein), and improvement to coffee yields and on-selling.
- delivered training programs in adult literacy, community health and hygiene, and law and order.
- supported the training of Ward Councillors in profiling their communities and constructing participatory ward development plans which will feed into Local Level Government and District Planning with the intention for funding to flow from GoPNG budget allocations in 2012.
- trained village birth attendants to support women during and after their pregnancy.
- strengthened organisational capacity of local partners, such as 'Touch the Untouchables' organisation working on improving maternal and child health, and

³⁴ See SPSN Six Monthly Report (February 2011)

³⁵ *ibid*

³⁶ Integrated Community Development Program (ICDP) totals \$6.3 million over four years.

- established ongoing distribution of a fortnightly tok pisin newspaper “Wantok” to increase people’s access to information.

CARE’s program is still in early stages and AusAID is working with care to produce results and evidence of ownership and sustainability.

Churches Partnership Program (CCP)

Christian churches are an integral part of PNG life with established structures and networks, and moral and religious authority across cities, villages and remote parts of PNG. The Program leverages the experience and reach of churches to improve service provision, strengthens churches’ institutional capacity to deliver development outcomes, and enhances the churches’ engagement in public sector governance. Mentoring and technical support to churches is provided through Australian faith-based NGO (ANGO) partners. The 2010 ODE Case Study Report concluded CPP is contributing to the quality and coverage of essential services delivered by churches. While ODE noted improvements that should be made to the program, including the need to minimise some parallel systems created, it stated CPP is an effective program that facilitates partnerships between and within participating churches. In doing so it has improved the management capacity of those churches, leading to development outcomes such as improved health facilities and staff, increased HIV/AIDS awareness, resolution of community conflicts, effective emergency response, and improved rural livelihoods. For example, ODE found that:

- CPP is contributing to income generation and skills development in communities
- CPP funds are, in some disadvantaged areas, being used to provide the only health and education services available to people
- CPP churches are collaborating more, which is creating communities of practice for development. This is leading to more PNG churches using best practice development
- CPP churches working together has led to more strategic approaches in the delivery of health and education services to communities.

Media for Development Initiative (MDI)

A strong and functioning media serves as a voice for civil society, informing the public, building demand for better governance and contributing to accountability. MDI has supported a long-standing relationship between the PNG National Broadcasting Corporation (NBC) and the Australian Broadcasting Corporation (ABC) to provide quality media services for PNG citizens.³⁷ Under MDI, ABC managed a significant infrastructure program to develop PNG’s first satellite distribution system to assist broadcasting to remote rural communities.

The February 2010 independent evaluation of MDI 2 found considerable positive change has occurred in NBC’s broadcasting voice, reach and content. Rural people can now express their views on air, flow programming is providing informative programs on development issues, and talkback radio is encouraging two way interaction between broadcaster and audience. As a result of better NBC program delivery, people in remote rural areas had greater access to

37 The second phase of MDI (MDI 2) commenced in January 2005, and an extension phase of two years (\$4 million from 1 July 2010 to 30 June 2012) is underway following the findings of an independent evaluation and concept design mission in February 2010.



information which has the potential to enhance citizen participation in governance. A 2009 Audience Survey noted that signal quality and consistency is improving, the new infrastructure creates better sound quality, and improvements have been made to presentation quality.

Electoral Support Program (ESP)

An independent evaluation in February 2010 of the Electoral Support Program Phase 2 (ESP2) found the program has:

- made a significant contribution to supporting improved awareness and understanding of voters and the community of the electoral system
- achieved tangible results, in particular organisational capacity, transparency, human resource management and the confidence of the PNG Electoral Commission (PNGEC) in relation to its central election responsibilities, but also its wider relationship with society
- led to the PNGEC having an improved capacity to plan, to train, to meet logistic demands and to deliver a well prepared election service to voters

PNGEC’s leaders are showing real signs of professionalism and independence which mark a credible election body and the Commission has adopted increased openness to, and involvement with, civil society organisations.

DGTP programs built the practical capacity, skill levels and status of women within the organisations and communities. This allows women to take on more of the previously male-dominated roles such as Ward Councillors and Village Court Officials. An example was a peace-building pilot in Bougainville where all of the eight women trained in the peace audits are standing for election to the Autonomous Bougainville Government.

Table 9: Estimated expenditure in 2010

Objective	A\$ million	% of bilateral program
Men and women, civil society, and the state working together to meet communities’ needs	26.9	7.1

Objective 10: Sustainable and secure improvements in food supply and incomes for smallholders

Rating

■ The objective will be fully achieved within the timeframe of the strategy.

Australia’s assistance to the agriculture sector in PNG is complementary to the leading roles played by the PNG Government, the private sector and other donors. Agriculture is a significant sector for economic and rural development with annual contributions in 2010 of 19% of PNG’s exports and 25% (or PGK 1,886.9 million) of PNG’s Gross Domestic Product. However, the sector continues to perform below its potential, with productivity gains stalled for many years for most agricultural products. A study from the Agricultural Research and Development Support Facility (ARDSF) identified some of the broader cross sectoral issues



negatively impacting the sector, including poor transport and communication infrastructure, lack of entrepreneurial skills to develop businesses, fragmented production with inconsistent quality and timeliness of delivery to the market, social and cultural norms undermining accumulation of assets, the impact of HIV/AIDS on productive labour groups, the impact of tribal fighting in coffee growing regions, and the impact of LNG and other mining activities on available labour.

Assessment of results and performance

The focus of Australia's agricultural program in PNG is on support for institutional strengthening and targeted research through key research and commodity organisations in order to improve these organisations' service delivery functions. Australia's support is pitched at the statutory organisation level with limited national policy interface.

One of the key initiatives providing support in the sector is the ARDSF. The purpose of ARDSF is to enable selected national agricultural research and development organisations to deliver improved services to their rural stakeholders. This takes place through support for institutional development of the National Agricultural Research Institute (NARI), improved networking between NARI and six National Agricultural Research and Development Organisations, and support for the dissemination of agricultural innovations to rural smallholders.

The second key initiative is delivered through the Australian Centre for International Agricultural Research (ACIAR). The ACIAR-AusAID partnership is to secure improvements in food supply and rural incomes for smallholders through increased productivity and enhanced access to markets and services. ACIAR's program uses research and development activities to guide efficient use of sustainable resources for more productive and sustainable agricultural systems. The program is based on clustering projects addressing problems faced by smallholders in major industries such as sweet potato, vegetables, coffee, oil palm, cocoa, forestry/agroforestry and aquaculture.

Projects which have achieved key results:

The pyrethrum project in Enga province aims to expand production to meet the processing demand of the factory in Mt Hagen. Cooperatives are supported to increase production, marketing and transportation of the crop to the processing plant. Pyrethrum is the only cash crop in the high altitude areas, providing a rare opportunity for cash income among some of the most marginalized poor people in the province, particularly women and youth. During the 2009 season, the quantity of flowers produced increased by 36 percent compared to 2008. The number of smallholder families growing pyrethrum has increased from 2,000 in 2009 to more than 7,000 in 2010.

The mobile market information service project is a partnership between the Fresh Produce Development Authority and Digicel, a mobile phone company. The project provides market information to over 300 farmers about price, quality and supply of produce for different fresh produce commodities, through a specialised information management system to eight urban markets. Initial indications are that it has increased the volume of vegetable transactions. For example in the Western Highlands, the South Wagi Organic Fresh Produce Women's Organisation made a 100 percent increase in supply to retailers, to 1.3 tons per week since the project started.



Village broiler feeding trials using local ingredients (sweet potato and cassava) to supplement concentrates were run in the highlands and lowlands. The performance was excellent in all the trials, with birds reaching market weight soon after 5 weeks of age. This system boosts village income by reducing the cost of feeding. Information about the new technologies is being disseminated via field days, fact sheets, TV, newspapers, university curricula and targeted training sessions.

In Maprik in East Sepik the Foundation of Women in Agricultural Development has partnered with the Integrated Agricultural Training Programme of the University of Natural Resources and Environment. They have conducted training for the communities on coconut downstream processing, but have integrated training on a wide range of health, education and social issues. Community notice boards serve as entry points for collective action within respective communities. Key elements of the collective action model include identification and training of leaders, facilitating communities to choose business ventures they wish to pursue, and determining the pace of development that meets the needs of the participating members. To sustain the notice boards, small market shops are operated and profits used for their maintenance. As a result of these activities, participating women are now making significant contribution to their family incomes.

ARDSF has shown success in mainstreaming of gender and HIV/AIDS into organisational policies, programmes, and projects. Through various projects ARDSF was able to show that activities at rural level can empower women to participate in economic development. In November, ARDSF facilitated a coffee tasting showcase, where women farmers from remote Nawae district in Morobe province showed how they were able to grow coffee and sell as a cooperative, resulting in reduced transaction costs and risks of travelling long distances to main buying centres. A notable feature of this project was the inclusion of people living with HIV/AIDS to earn an income through coffee growing.

Agriculture is an important sector in terms of its contribution to rural livelihoods and the PNG economy. While the PNG government has indicated that this is a priority issue, they have themselves (through meetings of the ARDSF Steering Committee) acknowledged that it has not correlated sufficient or effectively with directed budget allocations to the sector. This impediment combined with Ministerial advice on implementation of the Development Cooperation Treaty Review means Australia is now planning to reduce its investment in this sector. An exit strategy for the ARDSF has been approved which agrees on key activities remaining to be completed under the ARDSF. The key pieces of work in 2011 include managing the stakeholder relationships and expectations as ARDSF concludes, and conducting an agriculture sector analysis to identify risks that will need to be managed as AusAID withdrawals from the sector. This will also provide options on the transition of initiatives from Australian to Government of PNG's own programs or that of other donor agencies.

Table 10: Estimated expenditure in 2010

Objective	A\$ million	% of bilateral program
Sustainable and secure improvements in food supply and incomes for smallholders	11	2.9



Objective 11: A conducive environment for enhanced private sector development

Rating

■ The objective is unlikely to be achieved within the timeframe of the strategy.

Despite the optimism created by almost a decade of uninterrupted economic growth and the promise of the Liquefied Natural Gas Project, prospects for private sector development have deteriorated since last year. The business environment is seriously constrained by significant capacity limitations, skills shortages, poor infrastructure and corruption. Law and order continues to be a major concern for the business community, and business operating costs are rising fast as Liquefied Natural Gas Project construction gets under way.

These trends are reflected in the World Bank/ International Finance Corporation Doing Business project's 2011 ranking for PNG of 108 out of 183 economies, down six places since 2010 and down 13 places from its 2009 ranking of 95³⁸. However, sound macroeconomic management, well targeted and executed government investment to overcome capacity constraints and improved law and order have the potential to make a massive positive impact on the business environment over the next few years.

Assessment of results and performance

AusAID is currently supporting reform of the business regulatory environment, the state owned enterprise sector and the financial sector. Australia co-finances the Asian Development Bank's Private Sector Development Initiative (PSDI), committing \$11 million to the second phase (2009-10 to 2012-13). PSDI's support to the Independent Consumer and Competition Commission was crucial in establishing the parameters for private sector entry into PNG's mobile telecommunications sector. This support led to a major expansion in service and reduction in calling costs, which has contributed to the dramatic growth in mobile coverage. Further targeted support to the PNG Independent Competition and Consumer Commission will be considered in 2011, particularly concerning the transport sector.

Improving people's access to financial services supports enterprise development, increases economic activity and ultimately helps reduce poverty. AusAID assistance includes co-financing the Asian Development Bank (ADB) PNG Microfinance and Employment Project, which provides training and support to microfinance institutions. The project has reached around 140,000 borrowers and 340,000 savers. Australia contributed \$1.6 million to the ADB PNG Microfinance and Employment Project from 2001 to 2010. In addition AusAID has recently signed a \$7 million agreement with the ADB to co-finance the next phase: the Microfinance Expansion Project. The new phase will target improved access to financial services in rural areas

AusAID is keen to extend its relationship with the private sector in all areas of the aid program in PNG. This will include working with industry to better align the work it is doing in health (and HIV/AIDS), education, transport and law and justice with the PNG Government's

³⁸ Doing Business Report <http://www.doingbusiness.org/ExploreEconomies/?economyid=150>



objectives. There is potential for cooperation with resource companies on corporate social responsibility activities and organisations such as Sustainable Development Program Ltd, the organisation established to manage the development funds coming from Ok Tedi Mining Limited.

The National Land Development Program initiative aims to support GoPNG land reform agenda within the overall framework of the Pacific Land Program objectives. Policy and strategy documents of the PNG Government recognise the importance of developing a system to increase land utilisation for economic activities, and commit the GoPNG to reinvigorate efforts to develop solutions. During 2010 the GoPNG continued efforts to address land administration, establish a dispute settlement system, and develop customary land through its National Land Development Program.

AusAID recognizes that economic growth is essential for reducing poverty and realizing the Millennium Development Goals, and that effective land administration and land management are key drivers of economic growth and social development. However, any intervention seeking to address customary land issues is sensitive and difficult.

The support provided since 2005, though small (AUD500,000), has contributed to helping the GoPNG build up a program for its land reform. There has been considerable progress towards the objective of the PNG National Land Development Program in the last two years. Developments include endorsement of the GoPNG National Land Development Program, finalisation of a five year implementation plan, finalisation of a National Urbanisation Plan, and establishment of the Land Courts Division to oversee and fast track all land dispute cases.

Australia's support to PNG on land issues will not continue in 2011, in line with the recommendations of the Development Cooperation Treaty Review.

Objective 12: Addressing the causes and mitigating the impacts of climate change

Rating



The objective is unlikely to be achieved within the timeframe of the strategy.

The International Forest Carbon Initiative (IFCI) is Australia's key contribution to global action on reducing emissions from deforestation and forest degradation in developing countries (REDD). The IFCI aims to demonstrate that REDD can be part of an equitable and effective global outcome on climate change. The PNG Government since 2007 has also sought to play a lead role in international discussions promoting policy dialogue on REDD and consolidating a common position among rainforest nations. Both Papua New Guinea and Australia believe that REDD can, and should, make a significant contribution to the global mitigation of climate change.

Assessment of results and performance

Under the IFCI Papua New Guinea and Australia announced a long term partnership to REDD in March 2008. The PNG Australia Forest Carbon Partnership is supporting PNG:

- In strategic policy dialogue on REDD;



- With strategic scientific, technical and analytical support to assist PNG develop its own national carbon accounting system; and
- Develop incentive-base REDD activities to demonstrate PNG’s readiness to participate in international carbon markets and to provide lessons to inform the international climate change negotiations.

Unfortunately, this has not translated into tangible results – projects are all still in development or draft. Support provided through IFCI to NGOs in PNG has produced valuable analytical work that has directly contributed to Government of PNG understanding of REDD issues and development of PNG’s REDD program. Despite consistent positive messages from within GoPNG at the national level regarding offers of Australian support, progress on mobilising this initial assistance has been slow, but inroads have been made and relationships through our engagement have been growing.

To date, Australia’s assistance has been effective in: increasing the capacity of Government of Papua New Guinea institutions to articulate and develop their REDD strategy; in articulating requirements for a national carbon monitoring and accounting system; and in engaging on international dialogue on REDD.

Quality of aid activities

Quality at Entry (QAE)

In calendar year 2010, four program designs and delivery strategies were finalised, independently appraised and peer reviewed.

Table 11: Summary of Independent Reviewers' QAE PNG Program Designs

	Clear Objectives/ Relevance	Effectiveness	Monitoring & Evaluation	Sustainability	Efficiency	Implementation & Risk	Analysis & Lessons	Gender Equality
PNG Disaster Risk Management Program	5		5	5		6	5	
Australian Support for Basic Education in PNG (2010 – 2014)*	5		4	5		4	5	
ADB PNG Microfinance Expansion Project	5	4	4	4	4		5	
Clinton Health Access Initiative: Papua New Guinea Country Program	5	4	4	5	4		4	4

* Appraisers ratings that were subsequently revised by Chair.

Definitions of rating scale

Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality	3	Less than adequate quality; needs significant work
5	Good quality	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

Analysis of Ratings

There was a decrease in number of design products compared to last year (from eight to four). This may partly be due to the move towards a greater focus on sector level delivery strategies. Due to changes in the mandatory quality criteria for QAEs in 2010, there were variations between QAEs in regard to which criteria were rated.

Ratings against quality criteria for the four designs were broadly adequate or good quality. In order to establish the foundations of a high quality, high performing program, these ratings need to be predominantly good to very high quality.

Issues and challenges

The 2009/10 Quality at Entry ratings indicate that effectiveness, efficiency and gender equality considerations in designs and delivery strategies need to be strengthened. The development of monitoring frameworks also continues to be problematic for most program designs. This plays out later in the program cycle through evaluations and Quality at Implementation reporting, which show monitoring and evaluation to be weak. In 2010 the PNG program began to invest effort in better monitoring systems and practices, and this work will continue in 2011.

Quality at Implementation (QAI)

Thirty nine initiatives under the PNG program were given Quality at Implementation (QAI) ratings for 2010.



Table 12: Summary of QAI ratings

Initiative Name	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender Equality
EDUCATION						
Education Capacity Building Program	3	3	2	2	4	3
Basic Education Development Project (BEDP)	5	4	4	4	3	6
Procurement & Distribution of School Books in PNG	5	6	4	5	4	4
Scholarships PNG	4	4	4	5	4	5
Scholarships Port Moresby ADS - Initial	4	4	4	5	4	5
Scholarships Port Moresby ADS 2011 Intake	4	4	4	5	4	5
HEALTH						
Health Sector Resourcing Framework	4	4	3	3	2	4
Health: Capacity Building Service Centre	3	4	3	2	3	5
PNG Institute of Medical Research Support Phase 2	5	4	3	3	4	5
PNG Health Education and Clinical Services	4	4	4	3	3	3
Health Program Response to HIV/AIDS	5	5	4	5	4	5
Sanap Wantaim - PNG Australia HIV and AIDS Program	5	5	4	5	4	5
INFRASTRUCTURE						
Key Roads for Growth Maintenance Project	4	4	3	3	3	4
PNG Transport Sector Support Program	5	5	5	6	5	4
PNG Transport - RoU AusAID and Infrastructure	3	2	4	2	3	3
GOVERNANCE						
PNG Media Program	6	5	4	3	4	4
Electoral Support Program - Phase 2	5	4	4	4	4	4
Democratic Governance Program	6	5	4	5	4	5
Sport For Development Initiative	6	5	4	5	4	5
Strongim Pipol Strongim Nesen	6	5	4	5	4	5
CARE Integrated Community Development Program	6	5	4	5	4	5
Advisory Support Facility Phase 2	5	5	5	5	4	5
Provincial Capacity Building Program Phase II	5	5	4	3	5	3
Economic and Public Sector Program	5	4	4	5	5	4
PNG-Australia EPSG Twinning Initiative Phase II	5	4	3	3	4	4
Strongim Gavman Program	5	4	4	4	4	4
PNG Sub-National Strategy	5	5	4	4	5	2
Commonwealth Local Government GPS - Phase II	5	5	4	4	5	2
LAW AND JUSTICE						
PNG-Australia Law and Justice Partnership (PALJP)	5	4	4	3	3	3
RURAL DEVELOPMENT						
PNG-Australia Agriculture Research and Development	6	5	4	4	4	5
ACIAR-AusAID Partnership for PNG Agriculture	4	4	4	4	4	4
HUMANITARIAN						
RVO Twinning Program	5	4	4	3	3	2
PNG Disaster Risk Management Program (2010-2014)	5	5	5	5	5	5
OTHER						
Church Partnership Program Phase 2	5	4	5	4	4	4
Incentive Fund Phase III	6	5	5	5	5	5
PNG Research Program	5	4	4	3	3	4
Kokoda Track Initiative	5	5	4	2	3	4
Development statistics PNG AUS Partnership for Dev	5	4	5	4	4	5
One UN Fund for PNG	5	4	4	4	4	4



Definitions of rating scale

Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality	3	Less than adequate quality; needs significant work
5	Good quality	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

The 2010 ODE Spot Check of QAIs assessed the ‘robustness’ of 2010 QAI reports across AusAID and found PNG program to be one of two with above average ‘robustness’ of QAI ratings – that is, a higher number of QAIs than average had ratings that were reasonable and backed up by evidence. In 2010, PNG program continued to use the QAI moderation process to build staff capacity to accurately assess activities against AusAID’s quality criteria. 2010 QAIs were more strategically pitched, more succinct, and more useful than 2009’s for the purposes of informing the management of the country program. There was a tangible shift from reporting activity and ‘busy-ness’ to identifying results, and the implications they have in terms of outcomes. Many, but not all, are articulating well thought-through management responses to implementation issues and identified risks. Progress has been made in several sectors towards consolidating QAIs across what is essentially a portfolio of initiatives with common higher-level objectives.

Initiatives that rated well consistently across the quality criteria include the PNG Transport Sector Support Program, the PNG Disaster Risk Management Program, Strongim Pipol Strongim Nesen, and Advisory Support Facility Phase 2. Initiatives that received poor overall quality ratings were the Education Capacity Building Program and the PNG Transport RoU - AusAID and Infrastructure.

Criteria that were generally rated well across the program were:

- ‘Relevance’, with 74% of initiatives rated ‘good’ quality and above;
- ‘Gender Equality’, with 43% rated ‘good’ quality and above; and
- ‘Effectiveness’, with 35% rated ‘good’ quality and above.

Similar to last year, ‘Sustainability’ received low ratings across the program, with 35% of ratings ‘less than adequate’ quality or lower. The program continues to grapple with this issue, but notes that many external factors impact on sustainability in the PNG context. ‘Monitoring and Evaluation’ is a mixed picture, with a similar percentage of ratings in both the higher (35%) and lower (41%) end of the scale. As mentioned in the previous section, monitoring and evaluation is an area of focus for improved performance within the program. The program will also pay particular attention to gender equality in 2011 and beyond, as indicated in the management consequences section of this report.

Seven initiatives were exempted from QAI ratings in 2010. Four of these had been active for less than six months. The remaining three initiatives represent a total value of 2.3% of all active initiatives in the program.

Evaluations - Independent progress reports and independent completion reports

During 2010, independent evaluations were undertaken on the following eight PNG activities:

- the PNG-Australia Economic and Public Sector Governance Twinning Initiative;
- the Electoral Support Program Phase 2;
- the Key Roads for Growth Maintenance Program;

- the Media for Development Initiative;
- the PNG-Australia Sexual Health Improvement Program;
- the Provincial Capacity Building Program; the UNDP - Third Party Cost Sharing Arrangement for Bougainville Program; and
- the Sport For Development Initiative.

In addition to these, PNG program undertook two cluster evaluations - a Research cluster evaluation was undertaken to assess AusAID's support to the Institute of Medical Research, the National Research Institute and the Agricultural Research and Development Support Facility. As well as individual evaluation reports on the three institutions, the evaluation team produced a summary report focusing on overall lessons learnt from AusAID's investment in research. Similarly, an Education cluster evaluation covered the Basic Education Development Program, the Education Capacity Building Program and the Procurement and Delivery of Primary School Textbooks. The trial of cluster evaluations was considered more successful in the education cluster, as the individual activities had more coherence in terms of their overarching goals, and therefore lent themselves more to broader conclusions about the program's approaches and engagement in education.

Lack of effective monitoring and evaluation frameworks in programs, lack of empirical data and lack of baseline data to assess performance were (again) common findings across evaluations. The implication for PNG program is a need to revisit and strengthen existing monitoring and evaluation frameworks, and to pay particular attention to monitoring and evaluation frameworks in design and Quality at Entry stages. Investing more in routine program monitoring for results will also improve availability of useful data.

Another observation from evaluations was that capacity building activities often underestimated the challenges posed by poor recruitment and retention of quality staff in PNG agencies. This needs to be considered more when designing capacity building activities.

Coherence

PNG program has been working to improve program coherence and focus, following the Development Cooperation Treaty Report released in the first half of 2010. Responding to the Report recommendations and noting PNG's development plans and strategies, the PNG program is repositioning itself to focus on improved service delivery in education and health, including HIV and AIDS. These two sectors will absorb the majority of additional funds the program might receive through an overall scaling up of the aid program.

The program will selectively engage in the law and justice sector and maintain support for transport infrastructure, noting the importance of these sectors for improved service delivery and economic growth. All of the other initiatives will either be phased out (some agriculture initiatives, and all land initiatives) or repositioned (governance and civil society programs) to more directly contribute to improved health and education services. This will bring a new coherence, where we can monitor the performance of the entire program in achieving tangible results in a few key sectors.



Pipeline

In 2010, the PNG program launched the Strongim Pipol Strongim Nesen program, which integrates, under one initiative, a number of elements of democratic governance that were previously managed separately. Consistent with the new focus of the program, Strongim Pipol Strongim Nesen targets improvements in education, health and HIV/AIDS as well as social inclusion. Other major initiatives to begin in 2010 were the Economic and Public Sector Governance Twinning Initiative Phase II and the Church Partnership Program Phase II.

The PNG program is close to finalising a new health delivery strategy, which was considered by the Program Committee in early 2011, but still requires some work. The program will also be developing a transport sector and a HIV delivery strategy during 2011.

The November 2010 Country Program Health Check found that the PNG program had 64 initiatives, a decrease of eight (12.5%) from 2009, while the program's appropriation increased by 4.5%. There were a greater proportion of initiatives with a value of more than \$50m, compared to 2009 (from 16% to 25%). The average approval amount of an initiative in the program was \$36.1m, compared with \$20.7m in 2009.

However, the Health Check also noted that 55% (35/64) of initiatives are less than \$10m value each, suggesting that a large percentage of transactions were spent managing 6% of the program value, and that almost half of the active initiatives in the PNG program (31/64) had an end date up to and including 30 June 2011. The program will manage this in its pipeline planning, and will consider opportunities both to rationalise the number of initiatives and strengthen program coherence.

Box 1: Program performance management

The PNG program continues to strengthen its performance monitoring and reporting in response to recommendations in the 2009 APPR and in response to a general increase in expectations amongst stakeholders for more, and better, information about the impact of aid spending.

Sector teams worked hard during 2010 to refine sector level theories of change and develop 2011 performance targets. This includes the on-going development of tools to monitor for results.

Sector teams will be undertaking regular, joint monitoring visits throughout the year to enable them to gather an evidence base for performance management and articulate results of the impact of the aid program in PNG.

To deliver on these commitments a First Secretary Performance and Quality has been placed at Post and during 2011 a senior o-based officer will also be recruited to assist to carry this agenda forward. An important role for this team will be to build the capacity of all staff to monitor, manage and report against their programs using a results based approach. The team will also have a mandate to ensure coherence in performance and quality across the program.

Management consequences

This APPR presents the main achievements of the PNG program in 2010 and the ongoing challenges of delivering a very large, complex program in a difficult operating environment. The report also identifies the key constraints that have hindered the program's ability to deliver optimal results during 2010. In particular, the report highlights the need to address issues around program fragmentation and lack of coherence, pointing the way towards continuing to reposition the program to focus on a small number of priority areas. The report also identifies the additional challenges that the build-up to the national elections in 2012 is expected to pose.

These same issues were identified in the review of the Development Cooperation Treaty (DCT), discussed briefly at the start of this report, and have been the subject of extension discussion by AusAID. The DCT review took place during a period of intensive self reflection and review by the Post and reflects many of the conclusions that AusAID staff themselves were drawing about where the program was going and what needed to change.

As a consequence of the findings of major reviews like the DCT review, AusAID is in the process of restructuring the PNG program to narrow its focus and increase its impact, including by increasing support for direct service delivery.

Following from the findings of this report, five issues emerge as key priorities from a management perspective for 2011. Progress against each of these priorities will be reported in next year's APPR.

1. Continue to strategically reposition our aid program to PNG to focus on a few key areas, deliver better results and implement the program in a coherent manner.

The program will be implemented under the four schedules of the Partnership for Development, covering health and HIV/AIDS, education, transport infrastructure and law and justice.

The program will continue to focus on specific service delivery results within these sectors. To ensure coherence, initiatives falling outside these sectors, such as support to land and aspects of agriculture, will either be phased out or, in the case of our governance programs, repositioned to contribute more directly to service delivery outcomes in the priority sectors.

Our program will continue to seek to influence decision-makers around the PNG budget to ensure appropriate allocations to Partnership commitments. We will increase the level of our analytical work to update and deepen our understanding of the PNG context and ensure that our program has sound underpinnings.

Delivery strategies will be developed, approved and implemented for both health and HIV that outline a coherent approach to program implementation under the Health and HIV Partnership schedule. A delivery strategy for transport will also be developed.

The health delivery strategy will be approved and implemented in 2011. It will be used as a vehicle to improve the integration of aspects of health/HIV programs and to promote coherence with all other sectors to achieve better health outcomes.



The HIV delivery strategy will be developed mid year to deliver on Australia's commitments under the Partnership for Development. It will accommodate the program's management response to the HIV ISP scoping study, the HIV ODE strategic evaluation, and the outcome of the review of the HIV National Aids Council's roles and functions.

In education, the program will revise the existing delivery strategy to reflect a whole-of-sector approach, focusing on basic education, increasing our commitment to secondary education, and targeting educational quality in tertiary education.

In law and justice, we will continue to use the comprehensive program design to guide delivery through a sector-based approach.

In all four sectors we will develop one-page summaries of the delivery strategies and, in combination with a one-page summary of the entire PNG program, use these documents to communicate to a broad range of stakeholders the goals, objectives and expected results of the program.

2. Manage for the impact of the PNG national elections in 2012.

A major challenge will be to continue to engage and deliver programs in the lead-up to the national election, which is predicted to be one of PNG's most challenging. The program is analysing the risks associated with the elections, including program implementation (when it will be more difficult for PNG ministers and senior officials to engage with us and make decisions necessary to progress program implementation), potential negative social impacts (i.e. the increased risk of HIV infection and violence against women), security risks to staff and programs, and reputational risks (e.g. Australia being blamed for the election going badly based on a lack of understanding of our role). We are developing an integrated response to addressing these risks.

3. The enabling programs that include gender, the sub-national program, economic and public sector, SGP and SPSN will continue to improve their linkages to other AusAID sector programs.

All enabling programs will be redefined to ensure they are best placed to support service delivery outcomes in the four priority sectors. Our teams will also continue to ensure they are working in a coherent manner, with strong communication and commitment to shared results.

With regard to the sub-national program, provincial representatives will continue to refine their roles so as to be responsive to sectoral team and provincial needs. On a province-by-province basis, the sub-national team will increasingly explain and coordinate its capacity building assistance with assistance being delivered through the health and education programs.

Gender equality will be at the centre of the program, with a specific focus on the economic and social benefits of participation for all. There will be consistent gender messaging which recognises that we can't achieve our goals without addressing the constraints women face in PNG.

Each team will be expected to place gender equality at the centre of their programs and articulate how they are doing this. Our gender adviser/gender team will work closely with the sector teams to strengthen program performance in relation to gender. Ongoing activities that



are rated 'less than adequate quality' or below against gender equality will be particularly targeted. There were five such activities in 2010:

1. PNG Health Education and Clinical Services
2. PNG Transport – RoU AusAID and Infrastructure
3. PNG-Australia Law and Justice Partnership
4. PNG Sub-National Strategy
5. Commonwealth Local Government GPS – Phase II

Other activities in priority sectors that received a rating of only 'adequate quality' were:

6. Health Sector Resourcing Framework
7. PNG Transport Sector Support Program
8. Economic and Public Sector Program
9. PNG-Australia EPSG Twinning Initiative Phase II
10. Strongim Gavman Program

The program will focus on addressing family and sexual violence, including designing a new initiative in 2011 (released in November) and implementing a 'use your voice' campaign to spread messages about ending family-based violence through the workforce and community.

4. Continue to implement the findings of the technical adviser review.

Implementation of the findings of the Joint Review of Technical Adviser Positions, including a reduction of advisers by one third by mid 2012, will continue. Over this period, the percentage of our expenditure on advisers will reduce from 26% of the program to well under 20%. The reductions will occur largely in the areas of rural development, education, and health and HIV, reflecting a move to rebalance funding from advisory support to direct service delivery.

The program continues to receive requests for advisers through our counterparts and as identified through our own program design processes. To manage these requests, a joint Adviser Review Group will meet half yearly to ensure adviser numbers do not exceed notional caps set through the Review. An important element of the Group's role will be to scrutinise the process through which adviser positions have been identified, especially the rigour with which other forms of capacity development, such as the direct recruitment of advisers by the PNG Government, have been considered.

Adviser cap numbers will be reflected, as far as possible, in all Partnership schedules. As well, the forthcoming review of the Strongim Gavman Program in 2011 will contribute to Whole of Government (WoG) planning for the most effective use of advisers beyond the current program.

5. **Adopt a much more effective and innovative approach to performance and contract management, with the ability to demonstrate the results we have achieved clearly.**

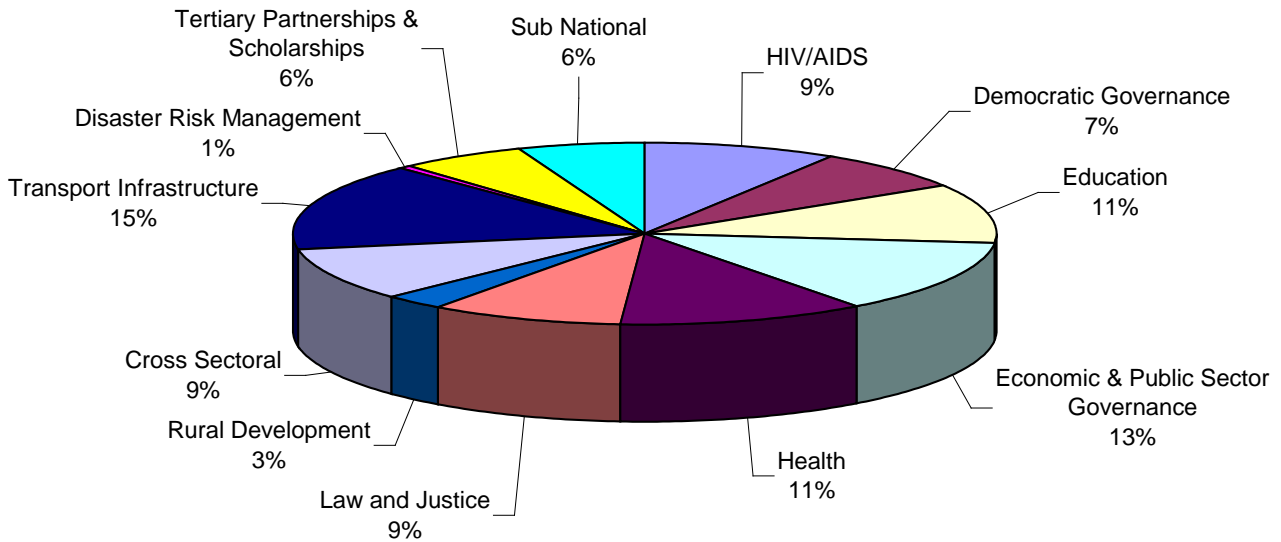


The PNG senior management team will come together regularly to manage program finances, human resources, performance and quality, and other key corporate responsibilities more proactively. We will undertake a performance audit and also improve our approaches to monitoring. The program will continue its work to strengthen capacity to manage for results. In particular, it will manage for the achievement of results set out in the Australian 2011-12 Budget. There will be a strong focus on reducing program fragmentation by reducing the number of projects we fund.

We will place a strong emphasis on contract management, clearly setting out the results we expect our partners to deliver and monitoring performance to ensure these expectations are being met. We will ensure all staff have better skills to manage our contractors strategically and that our senior managers provide better oversight that this is occurring.

Progress against 2010 management consequences is reported at Appendix C.

Appendix A: 2010 expenditure by sector



Education	40,591,213
HIV/AIDS	33,691,929
Health	42,915,649
Law & Justice	33,387,518
Transport Infrastructure	58,630,451
Democratic Governance	26,898,720
Economic & Public Sector Governance	48,950,208
Tertiary Partnership & Scholarships	22,345,273
Sub-National	21,921,305
Development Statistics	
Disaster Risk Management	2,141,907
Rural Development	10,990,695
Cross Sectoral	35,111,755
Total	377,576,629

Appendix B: Selected MDG performance indicators

Development and Poverty Reduction ^a (selected MDG indicators)		1990	2000	Latest
Goal 1: Eradicate extreme poverty and hunger				
1.	Poverty Headcount (\$1/day PPP; % of population) ^d	24	37.5 ^{1996 g}	53.8 ^{2005 g}
2.	Prevalence of underweight children (under 5 years of age) ^b	29 ¹⁹⁹⁶	24.9	...
3.	GDP per capita, PPP (current US \$)	1079	1623	1247 ^{2009 d}
4.	Real GDP per capita growth (annual %)	-5.5	-5.1	2.1 ^{2009 h}
Goal 2: Achieve universal primary education				
5.	Primary completion rate (% of relevant age group)	58.1 ¹⁹⁹¹	56.8	68 ²⁰⁰²
6.	Youth literacy rate (% of ages 15-24)	60.6	61.7	62.8 ^{2007 g}
Goal 3: Promote gender equality and empower women				
7.	Ratio of girls to boys in primary education	0.9	0.9 ^g	0.8 ^{2006 g}
8.	Ratio of girls to boys in secondary education	0.6	0.7	... ²⁰⁰³
9.	Women employed in the non-agricultural sector (% of sector total) ^c	5.0	5.0	35.4 ²⁰⁰⁴
Goal 4: Reduce child mortality				
10.	Under 5 mortality rate (per 1,000)	133	80	73.7 ^{2006 g}
Goal 5: Improve maternal health				
11.	Maternal mortality ratio (modelled estimate, per 100,000 live births)	345 ^g	330 ^g	733 ^{2007 g}
Goal 6: Combat HIV/AIDS, malaria and other diseases				
12.	Prevalence of HIV, total (% of population aged 15-49) ^f	0.05 ¹⁹⁹³	0.3	1.7 ^{2007 h}
13.	Contraceptive prevalence rate (% of women aged 15-49)	26 ¹⁹⁹⁶	26 ²⁰⁰¹	32.4 ^{2006 h}
14.	Prevalence of tuberculosis (per 100,000 people)	843	236	13 ^{2010 g}
Goal 7: Ensure environmental sustainability				
15.	Forest Area (% of total land area)	69.6	84.9	63 ²⁰⁰⁹
16.	Access to improved water source (% of population) – rural	32 ^g	32	33 ^{2008 h}
	Access to improved water source (% of population) – urban	88 ^g	...	88 ^{2006 g}
17.	Access to improved sanitation (% of population) – rural	41 ^g	80 ^g	67 ^{2006 g}
	Access to improved sanitation (% of population) – urban	67 ^g	92 ^g	41 ^{2006 g}

a Sourced from UN Statistics Division unless otherwise stated

b Sourced from the Secretariat of the Pacific Community (SPC)

c Sourced from the Asian Development Bank (ADB)

d Sourced from the World Bank

e Estimated figure

f Sourced from UNGASS PNG 2008 Country Progress Report

g 2010 MDG Tracking Report

h <http://www.indexmundi.com>

Appendix C: Progress against 2010 Management Consequences

<p>Strengthen policy dialogue with GoPNG</p> <p>AusAID will place increased importance on senior level dialogue with the GoPNG.</p>		<p>The DCT Review, Adviser Review, University Systems Review and negotiation of the new schedules under the Partnership for Development have provided strong focus for active engagement with senior levels of PNG Government in 2010. The program also worked closely with Ministers and senior officials on the Budget Engagement Strategy. Strengthened relationships resulted in positive interactions and outcomes at the 2011 Annual Partnership Dialogue.</p>
<p>Strengthen service delivery at the sub-national level</p> <p>AusAID will do more to engage at the sub-national level and to better link AusAID sector programs at the sub-national level. This will be guided by the sub-national strategy currently under development.</p>		<p>The PNG program has undertaken a major reorientation in all its sectors to make the focus on service delivery outcomes central to how the program works. As this work proceeded, the program found that it was effective to achieve this through incorporating sub-national level thinking into the development of the new schedules and delivery strategies. As a result, a sub-national 'strategy' was not developed.</p>
<p>Responding to the Development Corporation Treaty Review recommendations</p> <ol style="list-style-type: none"> 1. An emphasis on service delivery to PNG people 2. Narrowing our scope 3. Subject to ministerial consideration, Australia's aid program to PNG might be reshaped to focus on the main priority areas of education, health, HIV/AIDS, road maintenance and law and justice. 		<p>PNG program has made significant adjustments to respond to the DCT Review recommendations, as evidenced in the body of the APPR, focussing on fewer sectors, service delivery outcomes and effective use of technical assistance. This work will continue in 2011, with the program structured under four schedules, rather than eight as envisaged at the end of 2009.</p>
<p>Strengthen engagement with non-state actors for service delivery</p>		<p>PNG program has engaged with existing implementing partners to discuss sharpening the focus on service delivery, such as in the Strongim Pipol Strongim Nesen program. More broadly, PNG program engaged in dialogue with indigenous, Australian and international non-state actors operating in PNG around the refocussed aid program and how they can engage with it in service delivery. This was an important step in moving towards more strategic implementation of</p>



		<p>service delivery through non-state actors.</p> <p>There is further work to do, to better link into provincial government priorities.</p>
<p>Using government financial systems</p> <p>AusAID will undertake a cautious and pragmatic assessment of risk and weighting in consideration of service delivery outcomes. When government systems are used it will be with appropriate safeguards.</p>		<p>PNG program has actively considered where it can increase its use of PNG government financial systems. To this end, the program carried out assessments of PNG government procurement and delivery systems in health, education and transport using AusAID corporate guidance.</p> <p>Assessments have been mixed, but where the risk of using PNG government systems is excessive, the program aims to deliver outcomes effectively while working with the government of PNG to strengthen their systems, as long as there is a demonstrated commitment to reform.</p> <p>PNG program also funded an independently conducted assessment of the Central Government procurement system, which has been provided to the Central Supply and Tender Board.</p>
<p>Evidence – telling our success stories</p> <p>Increased attention and resources will be given to program monitoring and evaluation.</p>		<p>In 2010 sector teams worked with an M&E specialist to refine their theory of change and outcome targets for 2011, and to strengthen performance management more broadly. The program has invested in building staff capacity in performance management, and developed tools for better program monitoring. This work will be ongoing, and is reflected in the body of this report.</p>
<p>Continuing our response to HIV/AIDS</p> <p>The program will undertake more work to determine how best to target the response to HIV/AIDS in order to match the spread of the epidemic generally and to focus on the populations most affected, in particular in rural areas and along economic corridors.</p>		<p>The HIV/AIDS program uses analysis of data to determine how best to respond to the epidemic in PNG. Data showed differences in patterns of spread from province to province with geographically concentrated epidemics of over one percent prevalence in the highlands and in and around Port Moresby. This data also suggested a slowing of new infections in these worst affected areas - where the response has been most intense. The program's response has two approaches: national testing and treatment combined with targeted prevention services to marginalised and most at risk populations.</p>
<p>Re-thinking of our approach to health</p> <p>AusAID remains hopeful that the</p>		<p>A joint PNG-donor review of the health SWAp in 2010 made recommendations for better alignment and effectiveness of resources in the sector. Success will depend on all parties maintaining</p>



<p>sector wide approach reorientation will change things on the ground, but needs to have a better understanding of how long it will take to see results, and what else it could be doing in the interim to realise better service delivery.</p>		<p>focus and addressing incentives for better sub national service delivery.</p> <p>The program positioned itself to invest more in Provinces and Districts, and to work more directly with community service organisations and the private sector. The program has also assessed how it can work more effectively through direct financing of health facilities and delivery of infrastructure and medical supplies.</p>
<p>Economic and Public Sector Governance</p> <p>In 2010, with the commencement of the new economic and public sector program, AusAID will examine how best to configure support to this sector taking into account the political reality of likely continued negative trends in fiscal management. The technical adviser review also provides an opportunity to reconsider the scope and most cost effective way of delivering governance advice to PNG.</p>		<p>The new Economic and Public Sector Program will support governance reform, institutional strengthening and capacity building at the national level of government where there is evidence of political appetite and commitment to reform.</p> <p>EPSP will strengthen its focus on linking central agency assistance to delivery of core services such as health, education, law and justice and transport infrastructure.</p>
<p>Partnership for Development</p> <p>In 2010, a further three schedules addressing priority outcomes under the Partnership for Development (higher education, HIV/AIDS and law and justice) will be developed.</p>		<p>In 2010, all Partnership schedules were revisited in preparation for the 2011 senior officials' talks with PNG. As part of the program's work to consolidate, the existing schedule for health now includes HIV/AIDS, and education includes basic and post-secondary. A separate schedule was developed for law and justice. These schedules will be put forward in 2011 at the Ministerial level dialogue. Including the schedule for transport infrastructure, there will be four schedules under the Partnership going forward.</p>