

Economic and Social Infrastructure Program

MID-TERM REVIEW FINAL REPORT MAY 2022



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List of abbreviations

Abbreviation	Name
ADB	Asian Development Bank
AIFFP	Australian Infrastructure Financing Facility for the Pacific
ANL	Air Niugini Limited
ARF	Advisor Remuneration Framework
CSO	Community Service Obligation
DICT	Department of Information and Communications Technology
EOIO	End of investment outcomes
ESIP	Economic and Social Infrastructure Program
ETN	Energy Tasking Note
GAP	Gender Action Plan
GEDSI	Gender Equality, Disability and Social Inclusion
GEDSI	Gender, Disability and Social Inclusion
GESI	Gender and Social Inclusion
GoPNG	Government of Papua New Guinea
ICAO	International Civil Aviation Organisation
ICCC	Independent Competition and Consumer Commission
ICT	Information & Communications Technologies
IFC	International Finance Corporation
KCH	Kumul Consolidated Holdings
KTH	Kumul Telikom Holdings
LCOE	Long Term Cost of Energy
LLG	Local-Level Government
MEL	Monitoring, Evaluation and Learning
MTR	Mid-term review
NAC	National Airports Commission
NBC	National Broadcast Commission
NEA	National Energy Authority
NEROP	National Electrification Roll out Plan
NICTA	National Information and Communications Authority of PNG
NRW	Non-revenue water
ODA	Official Development Assistance
PASO	Pacific Aviation Safety Office
PEP	PNG Electrification Partnership
PGF	PNG Governance Facility
PMO	Project Management Office of PNG Power Limited
PNGADP	PNG Assembly of Disabled Persons
PPL	PNG Power Limited
PPP	Private-Public-Partnership
SOE	State Owned Enterprises
TEU	Technical Enabling Unit
TSSP	Transport Sector Support Program
WATSAN	Water and sanitation
WB	World Bank

Preamble

The Economic and Social Infrastructure Program (ESIP) is a four-year investment worth AUD130 million designed to improve infrastructure development in Papua New Guinea (PNG). ESIP works across a range of sectors, including: electrification (power), telecommunications, social infrastructure including health and education, and water. ESIP reflects and operationalises the objectives outlined in the 2017 Foreign Policy White Paper, particularly stepping-up support for a more resilient Pacific and Timor-Leste and promoting an open, inclusive and prosperous Indo-Pacific region.

The long-term goal of ESIP is to improve the prioritisation, quality, and sustainability of infrastructure investment in PNG. The investment leverages project-level activities to create opportunities for deeper engagement in sector-wide infrastructure planning and policy, and enables the identification and resolution of the broader structural, legislative, and regulatory reforms and partnerships necessary for sustained long term change. The review assessed the investment's progress to date in achieving its intermediate outcomes and moving towards realising its end of investment outcomes. It examined ESIP's achievements, challenges and lessons learned in providing flexible, complex, and multifaceted infrastructure assistance, and expert policy, planning, and reform advice to the Government of PNG.

The Department of Foreign Affairs and Trade (DFAT) sourced Alinea International to lead the Independent Mid-Term Review (Jan-June 2022). The review team comprised Nicole Smith (PNG development specialist), Kinivinagi Karo (capacity development specialist), Peter Nicols (senior infrastructure specialist), Victor Young (senior power and energy specialist), and Jonathan Gouy (team leader and monitoring and evaluation specialist).

ESIP program effectiveness, performance and outcomes

Our broad contention is that ESIP is a large and 'first generation' program, and this contention has impacted our assessment of the sufficiency of progress across the different areas of ESIP. Prior ESIP, Australian ODA has played a limited direct role in economic infrastructure and services support, in influencing the policy/regulatory and institutional environment and in building capacity of GoPNG agencies and SOEs working in that space.

ESIP has rapidly moved into these areas in a short time and gained traction and influence with a range of GoPNG agencies and SOEs, while working with and supporting other donors' longer standing policy, regulatory and institutional development activities.

ESIP has essentially taken a twin track approach to work on six sectors assisting with planning, managing and building of infrastructure (and supporting GoPNG to do so), to some extent in a 'project' sense. Part of the rationale, that the MTR team accepts, is that the approach to gaining credibility and influence in the policy/regulatory space with GoPNG has been to take a pragmatic approach to support projects that are priorities for both governments.

Economic sectors

Water

Progress towards end of investment outcomes in the water sector has been slow, with limited commencement of capital projects to increase access to water/waste water connections, and with very limited progress in Provincial and District urban areas. Eda Ranu's assets subsumed and merged

with PNG Water into the new Water PNG SOE has played a part in this slow progress, as the operational arrangements and management of assets were substantially altered.

The development and endorsement of the *Water and Wastewater Masterplan* is however a key achievement and significant starting point for further activity in this sector, which historically has been very fragmented in approach and the distribution of responsibilities across PNG. Going forward ESIP supporting the implementation of the masterplan should be a central focus, as well as supporting efforts to reduce non-revenue water (NRW) and the capacity of Water PNG.

Electricity and energy

The Energy Sector Logic is considered ambitious, but necessary. There is evidence of engagement in initiatives which will contribute to improvements in the performance of all the intended EOIOs. For example, there is reasonable distribution of initiatives that relate to specific infrastructure delivery in on-grid and off-grid projects, maintenance and repairs as well as new infrastructure deployment. Given this level of activity, and a strong emphasis on the coordination and connectivity between DFAT, ESIP, AIFFP, the PEP and its associated donor agencies, the outcomes are realistic and to a greater or lesser extent can be achieved.

Aviation

ESIP's work has been pragmatic and responsive, largely focusing on support to Air Niugini Limited (ANL). Most recently, it supported ANL implement its Recovery Plan and Business Strategy, which included consulting services to improve its financial status and operations. This both reflected addressing structural challenges long-faced by ANL and also to address the revenue reductions COVID-19 induced from disruption to international flights. Going forward, a broader industry wide perspective and assessment would improve the aviation window of work.

Recommendation: That DFAT/TSSP/ESIP jointly consider the mix of its focus on ANL performance, the NAC regulatory/policy challenges across the industry, safety issues and supporting rural aviation for domestic connectivity.

Telecommunications and ICT

ESIP's provided a range of policy and regulatory focused technical assistance to the Department of Information and Communications Technology (DICT) and the National Information and Communications Authority of PNG (NICTA) on policy and regulatory reform areas including cyber security, digital government and universal access. There was also some work in improving physical ICT infrastructure. Some views about telecommunications and ICT under ESIP

It is clear that ESIP has engaged extremely broadly in this space. To some extent, it is hard to know how to assess its progress since it seems to be a mix of pragmatic supporting of GoPNG agencies' aims, and to a lesser extent, prosecuting discrete policy, regulatory and institutional aims that support the overarching program logic goals. End of sector outcomes are largely concentrated in pure consumer level outcomes which are perfectly appropriate aims taking a competition, access and regulatory approach yet the focus of ESIP work has been on more upstream matters rather than on the outcomes. This is no criticism, but rather an acknowledgement that to hit the downstream (consumer and business) objectives requires political engagement.

Recommendation: That ESIP identify an approach to balance choices about interventions that support the longer-term end of sector outcomes relating to market based benefits/impacts as against upstream input type government and legislative policy frameworks.

Social sector

Are outcomes realistic and clearly defined?

The social infrastructure portfolio has realistic and well-defined intermediate objectives and end of phase one sector outcomes which are linked to the broader strategic objective of ESIP.

Have they maintained relevance and coherence?

The review team found that there is coherence within the social infrastructure portfolio due to the sector program logic refresh exercise undertaken in 2021, and through effective ways of working that have been established within the portfolio.

Are there any positive or negative unintended consequences associated with ESIP activities?

There are no discernible negative or unintended consequences associated with social infrastructure activities. Sustainability must continue to be the driving principle of all social infrastructure investments and the review team observed evidence that this is being captured. This includes through the development of a project charter which was put in place with the Lae City Authority and sits alongside a *Memorandum of Agreement* between the donor, contractors and the relevant government authority. It also provides for an overarching governance mechanism, identifies clear roles and responsibilities for ongoing maintenance and outlines a clear handover process to the government authority once the market is complete.

Relationships with Provincial and Local-Level governments (markets and health)

The social infrastructure portfolio represents the greatest penetration of ESIP's assistance at the provincial level outside of the on-grid and off-grid electrification investments. For example, the Lae Market Redevelopment is a particularly good working model of partnership with local government which includes a co-funding arrangement with the Lae City Authority and an established governance mechanism to oversee the design and delivery of the market. The Daru health investments also contain an overarching governance steering committee with a number of smaller sub-committees to address specific areas and stakeholder groups.

Recommendation: The Project Charter concept become standardised across all social infrastructure investments to support sustainability principles, safeguard measures and risk mitigation controls.

How ESIP influenced the Government of PNG approach towards infrastructure?

Impact on the regulation and governance of SOEs

Water and sanitation

Infrastructure projects are being selected and implemented generally in the context of long term industry plans / SOE corporate plans, which should improve the efficient allocation of capital, and focus on areas where social need or financial return is greatest.

How measurable and trackable over time has this been?

It is difficult to measure and track the ESIP influence on the GoPNG approach to infrastructure. Compliance with good procurement practice is a measure that could be monitored over time, by making an assessment of the proportion of procured projects that follow good procurement practices.

Program Progress towards intended outcomes

The water and wastewater master planning has been completed and is the only active project is the NRW in Port Moresby. The ESIP level of activity in the water sector has been limited in the last year.

The task list does not include any specific capacity building tasks, and it appears that capacity building is only incidental to other activities and achieved by demonstration.

While little capacity building has been carried out in PNG water, there appears to be a need and opportunity here to develop a structured capacity building program. There have been no significant capital projects commenced that will increase the number of people connected to water/waste water or improve reliability and availability. No progress has been made in provincial and district towns, and this could be an opportunity for the next period.

Recommendation: That in supporting the Water and Wastewater Masterplan’s implementation, that ESIP develop a structured approach to balancing expanding getting greater access and supporting network expansion.

Electricity and Energy

The end of program outcomes which prioritise on and off grid electricity infrastructure being planned, implemented and maintained effectively and equitably continue to be relevant and urgent.

ESIP’s actual work and focus relative to the intended outcomes

The energy logic and the energy tasking notes represent ESIPs tangible actions and deliverables, not the strategy of PPL or GoPNG. It is however noted that through the placement of an adviser ESIP has supported the creation of PPL’s Corporate Plan and 15 year Least Cost Development Plan, which it is understood are being approved by KCH. Support for their implementation may be a worthwhile focus area for future elements of the ESIP program. Of the 28 ETN’s initiated to date, ten are either directly or indirectly contributing to the development of capability and capacity within PPL or other SOEs engaged in the energy sector.

Experience of electricity industry players in transition around the world suggests that leadership is not secured by authority but rather by influence and the ESIP team appear to be inserting experienced leaders into senior positions in the new and emerging NEA as well as PPL with a good chance to influence the outcomes of policy and regulation.

Recommendation: That ESIP adopts a greater level of coherency between its present objectives and work in practice, and the broader energy transformation agenda, which is about implementation.

Aviation

A threshold issue for ESIP’s next stage to grapple with is how to engage on broad industry wide issues from the policy/regulatory and implementation fronts, in concert with TSSP. Most industry observers consider that its highly unlikely that additional competitors in the domestic market for aviation passenger and freight services will emerge in the medium term.

Our view is that there remain large challenges in aviation that are worth recounting and for the Australian Government to consider, whichever program is to take this forward – reducing the costs of acquiring weather information, subsidizing on the ground safety equipment that assist safer landings particularly at the majority of NAC-run airports that cannot recover costs, noting PNG’s difficult flying conditions.

Recommendation: That ESIP develop a sector logic for aviation.

Telecommunications and ICT

The core challenge is to reduce consumer and business access prices for data and calls –and we recommend that the program take a singular focus to these, ultimately, policy matters and ensure

(as noted elsewhere) that a firm distinction between the policy/regulatory/implementation perspectives is maintained.

Recommendation: That ESIP ensure there is a firm distinction in tasking and monitoring of work between policy, regulatory and implementation objectives.

Contribution to GEDSI outcomes

The review team considers the ESIP GEDSI and Safeguards Strategy as representing best practice by providing a coherent framework to support clear and achievable GEDSI outcomes through the ‘twin track’ model to support GEDSI mainstreaming and GEDSI specific interventions.

At this juncture, actual results towards achieving GEDSI outcomes at the national, sectoral and activity level are mixed. The review team found evidence that the greatest degree of traction exists at the sectoral and activity level under the social infrastructure portfolio and the energy sector off-grid activities through Powarim Komuniti (PK). There will need to be increased instances of replication and standardisation of GEDSI applied across all ESIP focused sectors to better contribute to GEDSI outcomes.

The most difficult area to influence and contribute toward GEDSI outcomes is at the national level. As a result, ESIP can be considered to be a ‘gender aware and accommodating’ program rather than a ‘gender transformative’ program on the gender continuum¹. It will require a significant elevation of GEDSI as a priority to address its stated long-term outcomes.

Recommendation: GEDSI is made a standalone high-level objective of ESIP to elevate it as a priority with partners and to better direct effort to achieve ESIPs strategic goals.

Effectiveness of the ‘twin track’ approach to GEDSI

Sustained effort to improve understanding of the practical application of GEDSI principles across ESIP is required. For example, the review team heard that the majority of advisor monthly reports consistently rated GEDSI inputs as ‘not applicable’. This suggests either a low-level of awareness of GEDSI and or how to implement it, or GEDSI is not viewed as a priority as part of their work.

The adoption of a Gender Action Plan (GAP) for specific ESIP projects has accelerated GEDSI mainstreaming with 10 GAPs produced since May 2021. These GAPs identify relevant GEDSI actions in policies, workplace practices as well as in the design and construction phases and community consultations.

Recommendation: GAPs be applied to all projects – not just large projects – to increase accessibility, assist to establish baselines and improve data collection and to promote consultation with women and disabled persons organisations.

For GEDSI specific interventions, the review team found that progress is slower and less advanced in disability and social inclusion. This is not due to it being a lower order priority to gender equality, rather it stems from a lack of understanding across all levels though ESIP is aware of this and has put a plan in place through the 2022 ESIP annual plan.

Recommendation: GEDSI budget expenditure is tracked to establish a baseline, to measure investment over time and as a means to track contribution toward end-of-program objectives.

¹ See www.igwg.org/wp-content/uploads/2017/05/GendrContinuumCategories.pdf

Possibility of a GEDSI demonstration effect

While good progress is being made in some areas, there needs to be a concentrated effort at the national level to genuinely support the notion of a demonstration effect at the level GEDSI objectives have been set. The review team recognises there is a pipeline of work to expand on this critical development, such as mentoring of future female leaders in the SOE space and DFAT will need to champion these types of approaches with its SOE counterparts to drive results.

Recommendation: Undertake a GEDSI specific impact assessment at the national level through a gap analysis.

Other thematic gender issues

Partnerships with NGOs to elevate decision-making

Currently, engagement with UN Women is largely being met through established professional connections within the ESIP GEDSI team, and there is a concept to establish a partnership with PNGADP. Formalising arrangements with both UN Women and PNGADP would better support systematic engagement and information sharing, as well as identifying partnership opportunities.

Key safeguarding policy requirements

The review found that safeguard policy requirements and cross-cutting issues are being effectively addressed in ESIP, including through mandatory reporting processes.

ESIP modality, responsiveness, flexibility, efficiency and risk

Pivot of ESIP with COVID-19

We, briefly, note that the ESIP supported the country program to assist, pragmatically, to assist other programs, particularly AIFFP, to continue supporting GoPNG. This has been an unambiguous success and speaks to a strong, integrated program.

Flexibility in the design

We have no concerns about the modality approach, its efficiency and risk that relates to that. The design and the way it has played out are perfectly flexible.

DFAT and contractor relationship

The review team observed a high degree of collaboration, trust and effective ways of working between DFAT and the managing contractor. However, the review team observed some needs for the managing contractor to have greater visibility of DFAT's pipeline of budget and requests of support.

Recommendation: That DFAT considers how it can operationally provide longer range insights and information about DFAT's pipeline of requests and possible approvals relating to ESIP's mandate.

Improving strategic planning and goal setting

The review team observed systematic approaches to support strategic planning, including updates to all sector program logics, the refresh of the GEDSI Strategy and an annual reflection workshop to feed into MEL and annual planning processes. The participation of DFAT in some of these processes is also an effective method to provide a strategic line of sight.

The review team observed that within ESIP, greater cross-work collaboration is needed to ensure that each arm of the program understands what the other components are contributing to and to ensure that learning is occurring based on what is and is not working across the program. For

example, to establish a more deliberative management process of information flows and knowledge sharing across the program to ensure that current and relevant information is regularly filtering down to the sub-contractor and technical assistance level to support a feedback loop in order to better direct inputs and to inform strategic planning.

Recommendation: Establish a more deliberative management process of information flows and knowledge sharing across ESIP.

Budget size, composition and spread

The review team found that the available budget for ESIP is adequate to support its strategic objectives notwithstanding the major infrastructure deficit and fiscal constraints faced by GoPNG.

Recommendation: Undertake a budget analysis and strategic mapping exercise.

Strategic observations, issues and recommendations

Sustainability of ESIP

Institutional reforms and sustainability

The challenge for the management of ESIP is responding effectively to opportunistic openings and providing incentive-based assistance to support influential actors in the system, but at the same time balance capacity building that contributes to institutional strengthening over the longer-term.

Capacity building

The review team heard from many consultees of the need for effective capacity building in order for ESIP to meaningfully contribute towards its strategic objectives. There remains a large body of evidence towards the ongoing demand, and clear need, for fit-for-purpose capacity building support in particular to help shift knowledge from technical advisors to policy and regulatory officials across the PNG system.

Currently, the majority of capacity building is being done on an ad hoc basis and predominantly by ESIP personnel and to some extent sub-contractors who have established experience and knowledge in transferring skills. Given the size and scale of the program, there exists a strong case for a more systematic approach to capacity building.

Recommendation: Undertake a capacity building needs assessment.

Recommendation: That ESIP's work supporting SOEs continues.

Responsiveness of ESIP to GoPNG

ESIP is broadly meeting responsiveness benchmarks as evidenced through consultee feedback. Consultations with GoPNG partners consistently report that ESIP assistance is aligned to their institutional and policy priorities.

Alignment with GoPNG priorities

ESIP investments are broadly aligned with GoPNG priorities, namely the *Medium-Term Development Plan III*².

² See <https://png-data.sprep.org/dataset/medium-term-development-plan-iii-2018-2022-volume-1?msclkid=85f9ba70aab811ec82d6b48f6fb249d4>

Integration and overlaps of ESIP and other DFAT sector programs working on infrastructure

In our view, it would be optimal if there was a separation within the country program between the implementation and policy engagement, especially for the social sector. A key part of this is to make sure that there is a strong understanding of sustainability, such that projects like the markets are properly integrating into a joint understanding of sustainability under the auspices of Provincial and LLGs.

Cohesion

The MTR team found that the rationale for the expansion in sectoral focus to include SOE reform, and the integration of the former Technical Enabling Unit (TEU) into ESIP is sound.

However, the review team also assesses that given the growth trajectory of ESIP, combined with the potential for it to move into new areas and or penetrate further into current areas, that ESIP risks amounting to a patchwork of interventions with potentially divergent interests, outcomes and results at the end of its life-cycle. A major lesson learned from the former PNG Governance Facility (PGF)³ was that program cohesion weakened over time. While ESIP is far less fragmented than the former PGF, it will require increased attention toward program cohesion at this mid-way point to ensure that ESIP will add up to more than the sum of its parts. For example, more work is required to better link social infrastructure activities to reform-based efforts and greater information sharing between teams to facilitate broader political-economic considerations which may impact on ESIP's strategic objectives and its relationship to project choice and delivery.

Recommendation: Consideration of integrating MEL, GEDSI and adding a performance and quality component into a 'shared services platform' within ESIP.

ESIP and AIFFP relationship

The review team found that there are clear synergies between the strategic alignment and scope of the two initiatives, and that ESIP has played a vital role in providing engagement entry points, analysis and delivery mechanisms to support the early stages of AIFFP's engagement in PNG.

The mobilisation of a separate managing contractor to implement AIFFP activities in PNG will largely conclude any AIFFP related responsibilities through ESIP though there remains strong rationale to build on the existing synergies and ESIP's valuable experience. Emphasis on deliberate engagement between the two programs to exchange information and to potentially partner on relevant activities where there is comparative advantage should be explored.

Monitoring, evaluation and learning

The review found that the MEL needs a substantial reset to make it helpful to the program's objectives. Some key improvements necessary are to:

1. Ensure MEL adopts a more data based approach to better describe ESIP's programmatic achievements – we note that there is substantial data collection that tells a story, but note that much of this data has not been used to tell its story
2. Take a more thematic approach to telling this story in the policy areas, such as ICT, aviation, water and electricity. The work of ESIP in engaging with policy makers and staff of the SOEs does

³ See <https://www.dfat.gov.au/sites/default/files/png-governance-facility-design-document.pdf>

not effectively illuminate the engagement and linkages that have been achieved by the program, that the MTR team became aware of from discussions

3. Work more on providing a policy-based narrative about the market based objectives and outcomes, consistent with the theory of change and program logic
4. Have a tighter MEL requirement and focus on capturing quantitative and qualitative baselines across the thematic areas of engagement and for the different modalities
5. Bring to the fore views of PNG officials and of its SOEs about the effectiveness of TA inputs that, it seems to us, have been the central story about ESIP's road to getting engagement, which is a central element of its success so far
6. Ensure that it does not attribute successes, such as the more inclusive constitution of SOE boards, that have involved a long history (in this case with the support of the ADB), as its own.

We consider that the implementation of these suggestions will not so much require more resourcing, but a different focus and approach. The breadth of the program makes this an inevitable challenge, but our discussions revealed that much of this data is being collected.

Recommendations: Items 1-6 above on MEL.

Project choice process recommendations

We consider that the ESIP needs a framework to assist in making the decisions about project choice in infrastructure, to make it more closely link development needs to project choices. We recognise that decisions such as the work on the Daru Hospital reflect Australia and PNG's joint objectives, it has been unclear to us as to why some choices were made. The Hanuabada clinic, for example, reflects a health need, but in PNG there are many health facilities outside the capital that, arguably, have substantially greater needs.

We therefore propose that the following questions be built into the decision making and tasking note process:

1. What are the relative human development needs supporting a proposed project, encompassing health, education and poverty needs?
2. What is the relative fiscal position of Provincial and LLGs in the area of a proposed project to support a project?
3. What is the historical track record of the jurisdiction in working with donors to support a project, and its effectiveness in delivering projects working with donors?
4. What are the views of the relevant national agency in terms of development and infrastructure needs, particularly noting views of Provincial and LLGs?
5. What are the opportunities for some level of cost recovery and co-financing by Provincial and LLGs, to more broadly share the risks of projects.

Recommendation: That items 1-5 above are brought into the decision making and tasking note processes.

Risk management in ESIP

The process underpinning project choice selection comprises a range of complex, and at times competing elements. This includes balancing the need to provide flexible support that is responsive to changes in the political-economy, that implementation is contributing to clear and set program objectives designed to achieve targeted development outcomes and to ensure that assistance is aligned with partner government priorities.

In most Australian aid funded programs of ESIPs complexity, size, scope and range of modalities (technical assistance, project delivery, grants etc.) a facility model would be used. A common feature of a facility is to establish a high-level governance mechanism to support transparent decision making, ensure strategic oversight and as a means to promote policy engagement and coordination with government partners⁴.

Another standard feature of the facility model is to draw on an independent advisory group and or M&E expertise to provide project-specific independent technical advice and to conduct comparative analysis to usefully inform the project choice and or selection⁵. This is not to be used as an approval measure per se, rather it is to act as a safeguard to the relevant DFAT delegate that a particular project has been reliably and credibly assessed.

Recommendation: A centralised governance mechanism be established to support the strategic management and oversight of ESIPs activities. An independent technical advisory group and or personnel consisting of a range of ‘on-tap and on-time’ technical advisors be established.

Procurement

Our review assessed the procurement function by reviewing a number of tender assessment reports. The procurement processes appear to have been undertaken well, and in compliance with good industry practice and all DFAT and Australian Government policies and requirements.

There have now been panels of suppliers developed for social infrastructure (for design and in the process for construction, including mini grids electrification). This is a positive development, as it produces better procurement outcomes and can reduce the time for procurement.

Our assessment is that there could be an opportunity to be more flexible in procurement, for smaller projects (for example within the Pawarim Komuniti program) where there are a number of less sophisticated tenderers, and there is no panel in place.

Separating policy, regulation and implementation

1. We have observed some slippage between activity choices between policy, regulation and implementation activities and suggest the following to be incorporated into the tasking note system:
2. Is the proposed activity/area of support relating to policy, regulation or implementation?
3. What are relative benefits by magnitude and timing for the activity/area of support?
4. What are the alternatives to the support from within the GoPNG system or donors?
5. What is the timeframe for this support to achieve its outcomes?
6. What is risk profile and likelihood of success of the activity.

Recommendation: That items 1-5 above are brought into the decision making and tasking note processes.

⁴ See <https://www.dfat.gov.au/sites/default/files/independent-facilities-review.pdf>

⁵ Another example is the Australian Renewable Energy Agency’s (ARENA) use of an advisory expert panel to evaluate applications for suitability and alignment to strategic objectives and criteria for the fund. They operate as an advisory board. Their views are not binding, but they offer independent on-tap and on-time expert advice.

Conclusion

Headline recommendations

In relation to the core brief of this MTR, our headline observations are that ESIP:

- has made **substantial progress towards the intermediate outcomes** and effectively drawn on lessons learnt to select subsequent activities/interventions
- **pivoted effectively, rapidly in a responsive manner to DFAT and GoPNG, in response to COVID-19.** It also took on functions, for a period, that would have been otherwise implemented by AIFFP in country.
- Considers GEDSI at different stages of the program, but has work to properly mainstream GEDSI across the activity consideration, selection, implementation and review stages.
- Has investment and program logic that remains relevant.

Overall, we consider the program has made solid progress towards its objectives. We note that this program is essentially a “first generation” program in terms of involvement by the Australian Government in key areas of economic infrastructure, policy and institutional support to the GoPNG (though there is a much longer experience around social infrastructure and roads). There are naturally learnings to be gleaned in this initial stage, particularly around the economic aspects of the program.

The MTR team recommends that ESIP be extended for an additional four years for AUD170 million, subject to ESIP and DFAT committing to implementing the substance of the recommendations this MTR makes.

Detailed recommendations

1. That DFAT/TSSP/ESIP consider the mix of its focus on ANL performance, the NAC regulatory/policy challenges across the industry, safety issues and supporting rural aviation for domestic connectivity.
2. That ESIP identify an approach to balance choices about interventions that support the longer-term end of sector outcomes relating to market based benefits/impacts as against upstream input type government and legislative policy frameworks.
3. The Project Charter concept become standardised across all social infrastructure investments to support sustainability principles, safeguard measures and risk mitigation controls.
4. That in supporting the Water and Wastewater Masterplan’s implementation, that ESIP develop a structured approach to balancing expanding getting greater access and supporting network expansion.
5. That ESIP adopts a greater level of coherency between its present objectives and work in practice, and the broader energy transformation agenda, which is about implementation. This includes tighter formal working boundaries and areas of responsibility with other PEP partners.
6. That ESIP develop a sector logic for aviation.
7. That ESIP ensure there is a firm distinction in tasking and monitoring of work between policy, regulatory and implementation objectives.
8. GEDSI is made a standalone high-level objective of ESIP to elevate it as a priority with partners and to better direct effort to achieve ESIPs strategic goals.

9. GAPS be applied to all projects – not just large projects – to increase accessibility, assist to establish baselines and improve data collection and to promote consultation with women and disabled persons organisations.
10. GEDSI budget expenditure is tracked to establish a baseline, to measure investment over time and as a means to track contribution toward end-of-program objectives.
11. Undertake a GEDSI specific impact assessment at the national level through a gap analysis.
12. That DFAT considers how it can operationally provide longer range insights and information about DFAT’s pipeline of requests and possible approvals relating to ESIP’s mandate.
13. Establish a more deliberative management process of information flows and knowledge sharing across ESIP.
14. Undertake a budget analysis and strategic mapping exercise.
15. Undertake a capacity building needs assessment.
16. That ESIP’s work supporting SOEs continues.
17. Consideration of integrating MEL, GEDSI and adding a performance and quality component into a ‘shared services platform’ within ESIP.
18. Recommendations on MEL:
 - Ensure MEL adopts a more data based approach to better describe ESIP’s programmatic achievements – we note that there is substantial data collection that tells a story, but note that much of this data has not been used to tell its story
 - Take a more thematic approach to telling this story in the policy areas, such as ICT, aviation, water and electricity. The work of ESIP in engaging with policy makers and staff of the SOEs does not effectively illuminate the engagement and linkages that have been achieved by the program, that the MTR team became aware of from discussions
 - Work more on providing a policy-based narrative about the market based objectives and outcomes, consistent with the theory of change and program logic
 - Have a tighter MEL requirement and focus on capturing quantitative and qualitative baselines across the thematic areas of engagement and for the different modalities
 - Bring to the fore views of PNG officials and of its SOEs about the effectiveness of TA inputs that, it seems to us, have been the central story about ESIP’s road to getting engagement, which is a central element of its success so far
 - Ensure that it does not attribute successes, such as the more inclusive constitution of SOE boards, that have involved a long history (in this case with the support of the ADB), as its own.
19. Recommendations on decision making and tasking note questions regarding needs for activity/project choice:
 - What are the relative human development needs supporting a proposed project, encompassing health, education and poverty needs?
 - What is the relative fiscal position of Provincial and LLGs in the area of a proposed project to support a project?

- What is the historical track record of the jurisdiction in working with donors to support a project, and its effectiveness in delivering projects working with donors?
 - What are the views of the relevant national agency in terms of development and infrastructure needs, particularly noting views of Provincial and LLGs?
 - What are the opportunities for some level of cost recovery and co-financing by Provincial and LLGs, to more broadly share the risks of projects.
- 20.** A centralised governance mechanism be established to support the strategic management and oversight of ESIPs activities. An independent technical advisory group and or personnel consisting of a range of ‘on-tap and on-time’ technical advisors be established.
- 21.** Recommendation on benefits of difference choices of activities to be brought into the decision making and tasking note processes:
- Is the proposed activity/area of support relating to policy, regulation or implementation?
 - What are relative benefits by magnitude and timing for the activity/area of support?
 - What are the alternatives to the support from within the GoPNG system or donors?
 - What is the timeframe for this support to achieve its outcomes?
 - What is risk profile and likelihood of success of the activity?

Annex 1 – Terms of Reference

Terms of Reference: Mid-term review of the PNG Economic and Social Infrastructure Program

Introduction

The Economic and Social Infrastructure Program (ESIP) is a four-year investment worth AUD130 million designed to improve infrastructure development in Papua New Guinea (PNG). Now operational for a little over two years, ESIP works across a range of sectors, including: electrification (power), telecommunications, social infrastructure including health and education, and water. ESIP supports the PNG Government's strategic reforms in state-owned enterprise (SOE) reform. The investment provides policy, planning, legislative and regulatory advice to SOE holding company Kumul Consolidated Holdings (KCH) and its subsidiaries, including PNG Power, Water PNG and Kumul Telikom Holdings (KTH). In late 2020, ESIP expanded in size to incorporate physical infrastructure delivery capabilities from the former TEU (Technical Enabling Unit) Program. ESIP works closely with the Australian Infrastructure Financing Facility for the Pacific (AIFFP) to provide project preparation services, including feasibility studies, design services and tendering.

The program reflects and operationalises the objectives outlined in the 2017 Foreign Policy White Paper, particularly stepping-up support for a more resilient Pacific and Timor-Leste and promoting an open, inclusive and prosperous Indo-Pacific region. It is Australia's key support mechanism under the PNG Electrification Partnership, under which we work with New Zealand, Japan, and the United States to support PNG's target of connecting 70 percent of its population to electricity by 2030.

The long-term goal of ESIP is to improve the prioritisation, quality, and sustainability of infrastructure investment in PNG. The investment leverages project-level activities to create opportunities for deeper engagement in sector-wide infrastructure planning and policy and enables the identification and resolution of the broader structural, legislative, and regulatory reforms and partnerships necessary for sustained long term change.

The end of investment outcomes are below, and the ESIP program logic can be found at Annex B:

- An increased number of capital projects are being effectively planned, managed, and implemented by the relevant GoPNG agencies
- ESIP focus sectors – SOE reform, power, telecommunications and social infrastructure (water, markets and health) have evidence based prioritised infrastructure plans and processes for their implementation and review
- A legislative and administrative reform agenda exists to improve policies, regulatory structures, and planning for infrastructure investment.

The program was designed as an eight-year investment (4+4-year extension, if warranted) with a first phase spanning four years. The current phase of ESIP began in early 2019 and is scheduled to conclude on 22 December 2022.

The Department of Foreign Affairs and Trade (DFAT) will undertake an independent review to assess the performance of ESIP and document lessons learned.

Review purpose

The overarching purpose of this review is to inform decision-making around the extension of ESIP for an additional four years and AUD170 million (AUD300 million over eight years). The review will also assess the investment's progress to date in achieving its intermediate outcomes and moving towards realising its end of investment outcomes. There will be a particular focus on any changes required

considering the global COVID-19 pandemic and associated economic challenges in PNG.⁶ The review will assess ESIP's performance against DFAT's monitoring criteria of effectiveness (including the adequacy of monitoring and review mechanisms), efficiency, gender equality and disability (GEDSI), and risk.

It is anticipated that lessons identified through this review will strengthen ESIP across the life of the program.

Scope and focus

The review will examine ESIP's achievements, challenges and lessons learned in providing flexible, complex, and multifaceted infrastructure assistance, and expert policy, planning, and reform advice to the Government of PNG.

As ESIP moves out of its initial four-year phase, it is timely to review:

- the intermediate outcomes of the investment, and document lessons learned;
- whether ESIP have pivoted sufficiently to cope with the challenges of COVID-19
- whether the investment has been effective in mainstreaming its GEDSI objectives and is on track to achieve them; and
- whether the focus of the investment and program logic remain relevant for the PNG context and for what ESIP wants to achieve.

The review will also consider whether changes to ESIP might be necessary in its next phase to 2026, including to support COVID-19 recovery and to incorporate new projects or areas of activity.

The intended audience for the review is DFAT (Port Moresby Post and PNG Branch) and Cardno, as the implementing managing contractor. A summary brief will be prepared and distributed in hard copy (and potentially published online) to help disseminate the key findings and lessons from the review to relevant stakeholders, including the PNG Government and, potentially, PNG Electrification Partnership partner countries.

Key review questions

Section 1: Performance and outcomes to date

1. Has ESIP made adequate progress towards achieving its intended end of investment outcomes?
 - a. Are ESIP's outcomes realistic and clearly defined, and have they maintained relevance and coherence since the commencement of the investment?
 - b. Are there any positive or negative unintended consequences associated with ESIP activities?
2. How has ESIP influenced the approach the Government of PNG now takes on infrastructure?
 - a. Has ESIP, either through targeted institutional strengthening actions, or by virtue of a demonstration effect, influenced the infrastructure construction and/or policy decision making employed by the Government of PNG (and relevant SOEs) in their development agenda?
 - b. Has ESIP successfully pivoted following the onset of the COVID-19 pandemic, in line with the Australian Government's *Partnerships for Recovery* COVID-19 response strategy?

⁶ The Program Logic was updated in mid-2021 to consider changing priorities due to the impact of the COVID-19 pandemic.

3. To what extent is ESIP contributing to gender equity, better outcomes for persons with a disability, and women's economic empowerment?
 - a. Is DFAT's 'twin-track' approach to GEDSI being implemented effectively across all parts of ESIP?
 - b. Has ESIP been effective in enabling a demonstration effect by helping SOEs and national authorities identify, implement and share gender-smart policies and practices that can contribute to more equal and inclusive workplaces and sectors?
 - c. To what extent has ESIP fostered strategic partnerships to facilitate women's and women's NGOs participation in infrastructure governance and decision-making?
 - d. Were other key safeguard policy requirements and cross-cutting issues, such as resettlement, safety, environment, child protection and sexual exploitation, abuse and harassment given appropriate attention, and was gender mainstreamed across these safeguards?

Section 2: Efficiency

2. Does ESIP have sufficient flexibility in its design to respond as required as new priorities and challenges emerge?
 - a. Are there improvements that could be made to systems and processes to achieve greater efficiency?
 - b. Are there ways ESIP could improve its strategic planning and goal setting?
 - c. Is the current budget envelope and its distribution across the different components of the investment appropriate to achieve ESIP's end of investment objectives?
3. What are the early indications as to the sustainability of both ESIP-supported institutional reforms and capacity building?
 - a. What lessons are there from ESIP's performance to date that can improve the investment over its next four-year phase?

Section 3: Looking forward

4. Can the engagement between ESIP and AIFFP be improved to ensure complementarity between the two programs?
 - a. What are the risks and opportunities of ESIP working closely with AIFFP?

Methodology

The review process – likely to be conducted entirely from Australia due to current COVID-19 related travel restrictions – is expected to be completed by late 2021. The methodology for the review will be developed in consultation with the DFAT Port Moresby and outlined in a review plan. It is likely that the review process will include:

1. Initial team briefing (virtual) provided by DFAT Port Moresby to the review team to highlight key priorities and expectations of the review team and provide relevant documentation.
2. Desktop review of documentation relating to ESIP, the Australian aid program to PNG and the infrastructure sector. The review team may identify documents additional to those provided by DFAT for inclusion in the desktop review. See Annex A for an initial list of key documents.
3. Internal stakeholder interviews including relevant DFAT staff (former and current) both in Canberra and in PNG.
4. External stakeholder interviews including meetings with key staff (former and current) in the Government of PNG and relevant program advisers, consultants, and contractors. Due to

COVID-19 travel restrictions, this will be undertaken remotely, with DFAT facilitating discussions as required. The review team should consider the use of technology/videoconferencing for consultations, and the use of local PNG staff or consultants who can physically attend meetings and workshops and assist with planning and logistics. The ESIP office and DFAT will provide the review team with the names, positions and contact details of key PNG Government and program interviewees – noting the review team is welcome to identify their own contacts for interviews as well – and can assist with meetings. In addition to individual meetings, the review team may also consider a workshop approach to solicit a shared understanding of the program’s performance, to better understand design issues and/or to verify review findings.

5. Aide memoire outlining the review team’s initial impressions and highlighting key lessons identified. This is a working document, and the intended audience is internal to DFAT and ESIP’s senior management team.
6. Summary brief and presentation to DFAT and relevant PNG Government stakeholders on findings from review (see deliverables for more details).

The review team will engage and consult with program stakeholders including, but not limited to:

- DFAT Canberra and the Australian High Commission in Port Moresby;
- Government of PNG (in particular KCH, PNG Power, KTH, the National Energy Authority, Water PNG and National Department of Health);
- Provincial authorities (where relevant);
- Current ESIP management (including advisers, consultants, and sub-contractors);
- Representatives of other international donors active in the infrastructure sector in PNG (for example the World Bank, Asian Development Bank, USAID and JICA);
- Representatives of local industry (where relevant); and
- NGOs, community groups and peak bodies covering interests and advocacy for women and people with a disability.

Key deliverables

The review team will provide DFAT with the following reports:

- i. Review methodology and work plan articulating key review questions, methodologies to collect data, a timeline linked to key milestones, identification of key review informants, proposed schedule of interviews and a detailed breakdown of responsibilities between review team members. The plan should meet DFAT standards and be submitted at 14 days prior to the commencement of consultations to allow for stakeholder consideration (no more than 10 pages)
- ii. Aide Memoire with the initial findings to be presented to DFAT, program management and key PNG Government stakeholders at the completion of consultations (2-4 pages).
- iii. Draft review report including an executive summary (4 pages) that summarises findings of the review; explores key issues arising from Australia’s experience in supporting the PNG infrastructure sector; and highlights critical lessons which can help improve the effectiveness of Australia’s ongoing support for infrastructure in PNG. The report will adhere to the relevant DFAT standards for monitoring and evaluation and is to be submitted to DFAT within 21 days after completing consultations (20 pages plus annexes).

- iv. Final review report incorporating any agreed changes to be submitted within 7 days of receipt of feedback. The final report should provide a succinct and clear presentation of key findings and lessons learned (24 pages plus annexes).
- v. Summary brief – an attractive summary brief, incorporating photographs and other images, will be prepared, and distributed in hard copy (and potentially published online) to help disseminated the key findings and lessons from the review. This report should meet DFAT’s accessibility guidelines and otherwise be fit for publication (4 pages).

Review timeline

Indicative dates	Activity
Week 1	Selection of review team; contract signed
Week 2	Initial meeting between review team and DFAT (Desk and Post), virtual briefing on key issues, feedback on review methodology and work plan (included in tender response)
Week 3	Review team conduct comprehensive document review
Week 4	Draft methodology and work plan submitted to DFAT including consultation schedule
Week 5	Methodology and work plan finalised based on DFAT’s feedback
Week 5	Discussion with DFAT (Desk and Post) prior to commencing virtual stakeholder consultations. Review team highlights key areas of interest/questions from document review, highlights any gaps
Weeks 6-8	Virtual consultations for Australia and PNG-based stakeholders
Week 9	Aide memoire and virtual presentation to Post on findings to date. Presentation to include high-level overview of the structure and scope of the review as it currently stands (for internal DFAT audience)
Weeks 9-11	Report writing
Week 12	Draft report to DFAT
Week 13	Finalise report based on DFAT’s feedback
Week 14	Final report, summary brief due to DFAT and (virtual) presentation to DFAT and PNG Government of findings.

The selected review team, or their managing contractor representatives, will be required to:

- Provide their own laptop computers, telephone and internet communications and other office equipment.
- Adhere to DFAT’s policies and instructions regarding travel and security, fraud, child protection, information technology, human resources, personal behaviour, and finance while undertaking this assignment.

Timelines for all deliverables are dependent on the provision of timely feedback to the review team as specified in the above timetable.

Review team and responsibilities

The review team may be comprised of the following members, or a similar mix of consultants who can address all key criteria:

Team leader and M&E specialist

The Team Leader must have extensive M&E experience, including leading independent review teams. M&E experience with Australian-funded development programs, including for large infrastructure sector programs in PNG and the region is preferred. The team leader is responsible for the technical quality of the review and directing the preparation of all deliverables including the

methodology and work plan, aide memoire, draft and final reports. The Team Leader is responsible for ensuring the consistency and quality of all review products and ensuring that s/he and the review team members have the requisite knowledge, skills and experience to address cross-cutting issues such as GEDSI, safeguards and risk management. With the support of the PNG Development Specialist, the Team Leader also leads on establishing Australian and in-country field visits and virtual interviews in consultation with DFAT (Canberra and Port Moresby).

Infrastructure Sector Specialist

The infrastructure specialist must have a relevant qualification, and 15 years or more experience working on infrastructure development programs and preferably through partner/government systems – electrification sector expertise would be desirable. Experience on DFAT development programs and an understanding of DFAT’s contracting processes is preferred. The infrastructure specialist must have a demonstrated understanding of different aid modalities in the infrastructure sector, including policy and project preparation technical assistance and capital investments. A good understanding of the PNG context is essential. The infrastructure specialist will work under the broad direction of the team leader and is responsible for, inter alia, investigation of issues relating to construction quality including planning, delivery, quality, value for money and compliance with relevant standards.

PNG Development Specialist

The PNG Development Specialist will be responsible for providing advice, written inputs, and other assistance to the review team. The PNG Development Specialist will have a strong understanding of PNG Government structures, operations and protocols, and understand the key sectoral and development issues. A working knowledge of the electrification sector will be considered favourably, as will capacity development experience. Experience with GEDSI and safeguards is desirable.⁷

Australian Government Documents

- Foreign Policy White Paper (2017)
- PNG-Australian Comprehensive Strategic and Economic Partnership (2020)
- Partnerships for Recovery: Australia’s COVID-19 Development Response (2020)
- PNG COVID-19 Development Response Plan (2020)
- PNG Program Progress Reports
- DFAT Development for All 2015-2020
- DFAT Disability Action Strategy 2017-2020
- DFAT Gender Equity and Women’s Empowerment Strategy
- DFAT Risk and Safeguard Tool
- DFAT Monitoring and Evaluation Standards (2017)
- DFAT Strategy for Australia’s Aid Investments in Economic Infrastructure (2015)

Program Documents

- ESIP Investment Design Document
- ESIP Annual Reviews 2018, 2019
- ESIP GEDSI Strategy
- ESIP Annual Plans
- ESIP Tasking Notes

⁷ Please note this list is not exhaustive and additional documents may be provided during the review.

Annex 2 – MTR plan and structured evaluative questions

Table A1: Workplan for ESIP medium term review

Activity	Personnel (initials)	Outcome and deliverable(s)	Days (FTE)
<i>Phase 1: Inception, planning and desk-based review of documentation, and analysis</i>			
Initial team briefing with DFAT	JG, PN, KK, NS, VY	Summary of views provided	1
Development of Review Plan	All members	[No data]	3
Review infrastructure papers and analysis (e.g, DFAT, AIFFP, WB, IFC, ADB, EU, JICA, China, Korea, USAID)	All members	Working level overviews of key lessons and knowledge	14
Analysis of data and qualitative assessment of context	All members	<ul style="list-style-type: none"> • Summary of lessons regarding infrastructure • Analysis of GoPNG benchmarks • Qualitative analysis of the policy and institutional environment for infrastructure reform 	21
Analysis of fiscal and SOE data relating to infrastructure	JG, PN, VY	<ul style="list-style-type: none"> • Construct budget data time series for GoPNG infrastructure • Analyse SOEs' activities in infrastructure 	13
Analysis of GEDSI impacts and lessons learnt	NS, KK	<ul style="list-style-type: none"> • Use above analysis to identify possible impacts on GEDSI groups in implementation and impacts 	7
Analysis of the effectiveness of the infrastructure project cycle in PNG	PN, VY	<ul style="list-style-type: none"> • Capacity and planning • Project selection • Effectiveness of budgeting for infrastructure • Procurement • Implementation • Cost of construction • Effectiveness of project implementation and lessons learnt 	9

Methodology and workplan revision based on DFAT feedback	JG		1
Phase 2: Consultations			
Consultations	All members	<ul style="list-style-type: none"> • DFAT post • DFAT Canberra and ex post staff • GoPNG national agencies and relevant provincial governments • GoPNG SOEs • ESIP office • Multilateral donors • Bilateral donors • PNG electrification partnership • Civil society and private sector 	20
Post consultation sense checking	JG, PN, KK, NS, VY	<ul style="list-style-type: none"> • ESIP office • GoPNG • DFAT post 	8
<i>Phase 3: Analysis and reporting phase</i>			
Aide memoire	JG		1
Analysis and draft report writing	All members		20
Revising DFAT and GoPNG's views on draft report for final	JG		1
Summary high level brief for DFAT of findings and presentation	JG, NS, KK		5
Time to respond to outstanding matters and needs	JG		1
TOTAL RESOURCING			125

Note: VY=Victor Young; PN=Peter Nicols; NS=Nicole Smith; KK=Kinivanagi Karo; JG=Jonathan Gouy.

Table A3: Key review evaluative questions and sub-questions (for the team and stakeholders)

DFAT questions from terms of reference	Additional proposed questions from team
Section 1: Performance and outcomes to date	
1. Has ESIP made adequate progress towards achieving its intended end of investment outcomes?	<i>How to define adequate? Baseline was quite low, to start with (or was it?).</i>
a. Are ESIP's outcomes realistic and clearly defined, and have they maintained relevance and coherence since the commencement of the investment?	<p><i>What have been ESIP's biggest successes and missed opportunities?</i></p> <p><i>Sectoral breakdown of performance for successes and opportunities, by identifying a policy/regulatory and performance baseline for:</i></p> <p><i>Water</i></p> <p><i>Electricity</i></p> <p><i>Health</i></p> <p><i>Aviation</i></p> <p><i>Telecommunications</i></p>
b. Are there any positive or negative unintended consequences associated with ESIP activities?	<p><i>Could negative consequences have been avoided, were they recognised in risk frameworks, etc?</i></p> <p><i>Consequences by sector:</i></p> <p><i>Water</i></p> <p><i>Electricity</i></p> <p><i>Health</i></p> <p><i>Aviation</i></p> <p><i>Telecommunications</i></p>
2. How has ESIP influenced the approach the Government of PNG now takes on infrastructure?	
a. Has ESIP, either through targeted institutional strengthening actions, or by virtue of a demonstration effect, influenced the infrastructure construction and/or policy decision making employed by the Government of PNG (and relevant SOEs) in their development agenda?	<p><i>How measurable and trackable over time (baselines, progress) has this influence been?</i></p> <p><i>What has been the impact on the project cycle for infrastructure and services in terms of:</i></p> <ul style="list-style-type: none"> <i>• capacity and planning?</i> <i>• project selection (prioritisation, cost-benefit analysis, budgeting decisions to reflect this)</i> <i>• effectiveness of capital (development) budgeting; consistency between capital allocations and maintenance planning (ex ante and ex post); cooperation with and between donors to maximise</i>

	<p><i>benefits (balance of counterpart funding, planning, coordination)</i></p> <ul style="list-style-type: none"> • <i>project procurement</i> • <i>implementation</i> • <i>cost of construction</i> • <i>review of effectiveness of project implementation and lessons learnt</i> <p><i>In terms of regulation and governance of SOEs, what has been the impact on:</i></p> <ul style="list-style-type: none"> • <i>GoPNG entities following regulatory arrangements in practice to minimise costs, maximise consumer benefits</i> • <i>How has the governance of boards, role of executive government played out (transparency, arms length decision making, selection of boards and their effectiveness).</i> • <i>Transparency of finances, liabilities, assets for central agencies and the public broadly?</i> • <i>Responsiveness of SOEs to client needs and views. How has this been obtained (dialogue with the private sector and consumers?)</i> • <i>How the quality of services for poorly performing SOEs are perceived?</i> • <i>Governments’ openness to private capital and privatisation where appropriate?</i> <p><i>In terms of capacity of government entities, what has been the impact on:</i></p> <ul style="list-style-type: none"> • <i>Performance</i> • <i>Transparency</i> • <i>Perceptions by stakeholders of capacity</i> • <i>Skills of staff members.</i> <p><i>What has been the impact on access to infrastructure?</i></p> <p><i>Expansion in networks and numbers accessing infrastructure and services (telcos, electricity)</i></p> <p><i>What role has the progression of regulation played in this access? What the gaps and why?</i></p> <p><i>For water and health, how has the program managed to navigate the interactions between the National, Provincial and Local-Level governments? Are there gaps in knowledge/presence to be able to prosecute this agenda going forward?</i></p>
<p>b. Has ESIP successfully pivoted following the onset of the COVID-19 pandemic, in line with the Australian</p>	<p><i>How has COVID-19 affected ESIP’s focus – has its shift been effective and appropriate?</i></p> <p><i>Outside of health, what has been the case for a shift?</i></p>

Government's Partnerships for Recovery COVID-19 response strategy?	
3. To what extent is ESIP contributing to gender equity, better outcomes for persons with a disability, and women's economic empowerment?	<p><i>What have been the substantive impacts? Are there data to track this? i.e. how many infrastructure plans and policies have been informed by GEDSI infrastructure analysis undertaken by ESIP?</i></p> <p><i>Where have been the successes? Conversely, where is it most difficult to achieve traction (national, sectoral or project level)</i></p>
a. Is DFAT's 'twin-track' approach to GEDSI being implemented effectively across all parts of ESIP?	<p><i>Does the ESIP budget earmark (and track) funds to support the implementation of the twin-track approach, in particular for GEDSI specific activities?</i></p> <p><i>What percentage of ESIP's social infrastructure projects have consulted with Disabled Persons Organisations?</i></p>
b. Has ESIP been effective in enabling a demonstration effect by helping SOEs and national authorities identify, implement and share gender-smart policies and practices that can contribute to more equal and inclusive workplaces and sectors?	<p><i>What is the case for the demonstration effect? How has it been tracked?</i></p>
c. To what extent has ESIP fostered strategic partnerships to facilitate women's and women's NGOs and Disabled Persons Organisations participation in infrastructure governance and decision-making?	<p><i>To what extent is this helpful to infrastructure governance and decision-making – ie, is there evidence that there have been improvements in access to infrastructure and quality of regulatory governance (i.e. of the form outlined in question 2a.)</i></p> <p><i>How has this impacted government budgeting?</i></p>
d. Were other key safeguard policy requirements and cross-cutting issues, such as resettlement, safety, environment, child protection and sexual exploitation, abuse and harassment given appropriate attention, and was gender mainstreamed across these safeguards?	<p><i>How were these tracked and measured? Does the M&E capture these dimensions?</i></p>
Section 2: Efficiency	
4. Does ESIP have sufficient flexibility in its design to respond as required as new priorities and challenges emerge?	

<p>a. Are there improvements that could be made to systems and processes to achieve greater efficiency?</p>	<p><i>What are the perceptions of the performance of the contractor?</i></p> <p><i>What have been the nature and approach to DFAT and the contractor implementing the program? What have been weaknesses and strengths of this?</i></p>
<p>b. Are there ways ESIP could improve its strategic planning and goal setting?</p>	
<p>c. Is the current budget envelope and its distribution across the different components of the investment appropriate to achieve ESIP's end of investment objectives?</p>	<p><i>What has been the budget trajectory and spend? Is this sustainable?</i></p>
<p>5. What are the early indications as to the sustainability of both ESIP-supported institutional reforms and capacity building?</p>	<p><i>How to measure sustainability?</i></p>
<p>a. What lessons are there from ESIP's performance to date that can improve the investment over its next four-year phase?</p>	<p><i>Note lessons under 2a.</i></p>
<p>Section 3: Looking forward</p>	
<p>6. Can the engagement between ESIP and AIFFP be improved to ensure complementarity between the two programs?</p>	<p><i>Where has ESIP undertaken work to support the activities of AIFFP, particularly with the logistical challenges of COVID? Has there been cost shifting and is this sustainable? How has DFAT management of AIFFP hitherto impacted on ESIP?</i></p> <p><i>Whether the focus of the investment and program logic remain relevant for the PNG context and for what ESIP wants to achieve</i></p> <p><i>How has the 'Step-up' impacted on ESIP?</i></p> <p><i>What has been the approach for ESIP assisting other DFAT sector programs on infrastructure – is there a need to adjust that to reflect ESIP's role and capabilities compared to sector teams (ie, do the sector teams in health and education doing infrastructure make sense?)</i></p>
<p>a. What are the risks and opportunities of ESIP working closely with AIFFP?</p>	<p><i>How are the respective "brands" of the two programs seen?</i></p> <p><i>Is there a case to merge ESIP under AIFFP as a PNG window, and/or the social infrastructure component under AIFFP?</i></p>

Annex 3 – A taxonomy for infrastructure project choice

This framework recognises that potential infrastructure projects can be classified into four categories:

- Publicly funded economic infrastructure (eg, roads, ports etc)
- Publicly funded social infrastructure (schools and health facilities),
- Cost recoverable (private) projects, such as telecommunications infrastructure
- Uneconomic public infrastructure (e.g. government buildings, Parliament Houses, convention centres, etc) – such infrastructure is generally regarded as having low, if any, development benefits.

Figure 1 ESIP Taxonomy Framework

