

Management Response to the 2021 Review of the PNG-Australia Incentive Fund Phase: Lessons learned from Phase 4 and Recommendations for Phase 5

This document outlines DFAT management's response to the independent review of the PNG-Australia Incentive Fund prepared by Cardno International Development between September 2021 and January 2022. It summarises the key recommendations in the review and provides a response and proposed action. This document is not an exhaustive summary of all the review comments.

DFAT notes the challenges associated with undertaking this review including most of it being done remotely due to the COVID-19 pandemic. While the review captures the input from a wide range of stakeholders, the report would have benefited from further exploration of previous phases of the program, and deeper testing of its results over 20 years to better inform strategic long-term recommendations for the future of the program. DFAT plans to undertake two further reviews of Incentive Fund over the coming years: 1) assessment of IF's relevance and suitability against DFAT's new PNG strategy (pending) and 2) detailed mid-term evaluation of the program after 3 years of phase 5 implementation.

Recommendation	Response	Action plan
Program design		
<p>Recommendation 1:</p> <p>While the Fund has generated some significant local level results, more could have been done at the program level to aggregate and communicate Australia's important contribution to development outcomes in PNG. To address this issue, a number of Monitoring and Evaluation (M&E)-related modifications should be considered in the Phase 5 including: a robust cascading program logic (which includes appropriate intermediate outcomes), improved M&E planning, more human and financial resources for M&E, customised support for partner organisations, and enhanced focus on monitoring evaluation and learning (MEL).</p>	Agree	DFAT will review and refresh end of program outcomes (EOPOs) and the program logic in the IF5 design process. The IF5 design will focus on gender equality, disability and social inclusion (GEDSI) and Monitoring, Evaluation, Research, Learning and Adaptation (MERLA), revised approach to partner organisation support and ensuring the program rigorously reports on outcomes and impacts.
<p>Recommendation 2</p> <p>There is a need to build on the considerable momentum generated during Phase 4 in the area of GEDSI, including progress in terms of</p>	Agree	The IF5 design will incorporate and resource GEDSI, MERLA, risk management and safeguards well, but it is acknowledged there is room for improvement.

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<p>GEDSI engagement in decision making and project management as a function of empowerment. This should also include a much stronger (but not more cumbersome) Monitoring, Evaluation and Learning system to better identify progress, obstacles and lessons, and to better manage GEDSI risks in the next phase. This should include appropriate resourcing for GEDSI.</p>		<p>The IF5 design will focus on GEDSI and MERLA, and a revised approach to partner organisation support and ensuring the program rigorously reports on outcomes and impacts. It will also articulate how they will be resourced, implemented and measured across the life of the Program.</p>
<p>Recommendation 3:</p> <p>The ‘incentive’ logic that underpins the Fund could be better explained. While the name “Incentive Fund” should be retained because of its existing brand recognition through much – although not all – of PNG, the new Program Logic needs to more clearly explain what is actually being incentivised, and how the Fund seeks to incentivise change in Partner Organisations (POs).</p>	Partially agree	<p>Interviews through the design process suggest that partners, government and communities are clear what is being incentivised: worthwhile project proposals from capable and/or willing partner organisations that seek to improve economic and/or social development outcomes.</p> <p>The IF5 design will address the issue of what is being incentivised through a new program logic.</p>
<p>Recommendation 4:</p> <p>New and innovative ‘hands-on’ approaches to capacity building should be considered for Phase 5: less so for more highly technical and relatively infrequent activities such as architectural designs, and more in terms of building appropriate capacity for POs to monitor, manage, and better sustain the project investment and engage with Government of PNG and other stakeholders. More resources should be allocated to this in Phase 5 and specific capacity building outcomes should be included in the new Program Logic.</p>	Agree	<p>The IF5 design will seek a renewed approach to capacity building of partner organisations that focuses on organisational development instead of technical areas, such as architectural design. This will include increased resources for capacity development of POs in GEDSI, project planning and management, asset management and financial management.</p>

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<p>Recommendation 5: The Governance arrangements are strong, including, in particular, the role of the Strategic Management Group; this group could be used even more proactively in Phase 5, especially to foster harmonisation between Incentive Fund projects and Government of PNG planning mechanisms.</p>	Agree	The IF5 design will retain the governance arrangements of previous phases and seek ways to make better use of these arrangements across all areas of the program including GEDSI, alignment with Government of PNG priorities and using MERLA as a tool to drive improved program performance.