



Australian Government
Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2017-18

Papua New Guinea

September 2018



KEY MESSAGES

Australia is committed to supporting our closest neighbour's transition to a developed economy with stable institutions and inclusive growth. Australia has aligned its foreign, trade, security and development policies to assist Papua New Guinea on this path. Papua New Guinea is a country of enormous economic potential, strategically bridging Asia and the Pacific. Australia is Papua New Guinea's largest trading and investment partner with \$5.9 billion in two-way trade and approximately \$18 billion of Australian investment.

Australia and Papua New Guinea have a close relationship built on geographic proximity, shared history, economic and people-to-people links, security cooperation and a growing strategic partnership. The bilateral relationship is shifting from one dominated by development assistance to an economic and strategic partnership based on shared interests, as was agreed at the Ministerial Forums in 2017 and 2018. At independence in 1975, Australian aid made up 40 per cent of Papua New Guinea's budget; today it is approximately 8 per cent.

Papua New Guinea remains Australia's largest aid investment globally, with an estimated total of \$541.0 million for 2017-18. This Aid Program Performance Report (APPR) summarises the performance of Australia's aid program in Papua New Guinea from July 2017 to June 2018 against the *Papua New Guinea Aid Investment Plan 2015-16 to 2018-19*. A Performance Assessment Framework for Australia's development assistance to Papua New Guinea (Annex E) sets indicators of progress across the three outcome areas: promoting effective governance, enabling economic growth and enhancing human development. These three interlinked objectives are in line with Papua New Guinea's priorities and are where Australia can add value. Effective governance, particularly at subnational levels, is vital to ensuring the 80 per cent rural population receive services, and improvements in health, education and income generating outcomes. Gender equality and climate change are crosscutting areas of the program.

Australia assisted Papua New Guinea's response to the devastating earthquakes that struck the Highlands region in February and March 2018. Following a request from the Papua New Guinea Government, Australia provided a \$5 million humanitarian assistance package to assist recovery, to support vulnerable women and children in affected areas and facilitate the deployment of an Australian Medical Assistance Team (AUSMAT). The Australian Defence Force (ADF) also played a significant support role, with *Operation PNG Assist* deploying aircraft and ADF personnel to help distribute supplies to the affected region.

Australia provided support for Papua New Guinea's national elections in August 2017 to strengthen electoral processes and deliver polling operations in a country with some of the world's most difficult terrain. This year Papua New Guinea is hosting APEC and we are providing broad support to Papua New Guinea's public service agencies and operational support during Leaders Week. In 2017-18, 53 senior public servants from Papua New Guinea's APEC Secretariat and other relevant government departments attended postgraduate studies in Australia under Australia Award short courses. These courses supported capacity building amongst key officials for APEC 2018 particularly in policy development, negotiation and coordination skills.

Through the Pacific Leadership and Governance Precinct (Precinct), three Australian funded buildings were opened at the Pacific Institute of Leadership and Governance and the University of Papua New Guinea. These world-class facilities will help develop the next generation of public service leaders in Papua New Guinea. Over 1,500 Papua New Guineans have directly benefitted from Precinct courses and events in 2017-18, and the Precinct has expanded to delivering courses at regional training centres.

In 2017, Australia supported the maintenance and reconstruction of 1,981 kilometres of roads across 10 of Papua New Guinea's 22 provinces and in the Autonomous Region of Bougainville, almost doubling the performance target of 1,000 kilometres. Australia's support to the transport sector improves the lives of ordinary Papua New Guineans linking farmers to markets, businesses to customers, and enabling people and communities to access services.



An Australian-funded project with the Papua New Guinea Internal Revenue Commission strengthened early collection and voluntary lodgement compliance. The project helped increase the Government of Papua New Guinea's tax revenue by PGK315 million (AUD130 million), an 18 per cent increase on pre-project figures.

In November 2017, Australia agreed to co-fund the Coral Sea Cable System with the governments of Papua New Guinea and the Solomon Islands. Once complete, the cable will have a transformative impact on internet connectivity in Papua New Guinea which currently has some of the highest internet prices, and poorest connectivity, in the world. The cables will provide 20,000 gigabits per second capability, compared to Papua New Guinea's current bandwidth of 21 gigabits per second. The improvements to internet connectivity will translate into economic and development benefits for Papua New Guinea.

In 2017-18, Australia provided support that facilitated the expansion of Asian Development Bank (ADB) and World Bank activity in Papua New Guinea. In 2017 an ADB funding package of USD195 million to support healthcare services in Papua New Guinea was announced, and we expect a significant increase in multilateral assistance to Papua New Guinea in the future.

Australia assisted Papua New Guinea to address gender-based violence by supporting improved service delivery, prevention pathways, advocacy coalitions and referral pathways. In 2017-18, *Pacific Women Shaping Pacific Development* projects enabled more than 19,000 women and girls to access support, including counselling, health and justice services, including for sorcery accusation-related cases

The Climate Change Action Plan was signed by Minister John Pundari (Papua New Guinea Minister for Environment and Climate Change) and Minister Frydenberg (then Minister for the Environment and Energy) in May 2018. The Action Plan sets the foundations for practical and long-term collaboration between Papua New Guinea and Australia on climate change.

CONTEXT

With less than four kilometres separating the two countries, Papua New Guinea and Australia will always be of critical strategic importance to each other. This is reflected in deep trade and investment ties, close cooperation on security matters and well-established and expanding people-to-people links.

Papua New Guinea's economy is dominated by five sectors: the mineral and energy sectors, which account for the majority of export earnings; and the agricultural, forestry, and fishing sectors, which engage most of the labour force (the majority informally).

As a resource dependent economy, government revenue has slumped due to the downturn in international commodity prices, and Papua New Guinea is facing a challenging economic outlook over the short to medium-term. Economic growth fell from an average of 7 per cent for the five years to 2016, to just 2 per cent in 2017. With the significant decrease in government revenues, the government has taken on increased public debt. Foreign exchange restrictions are affecting enterprises engaged in international business. Official debt levels have quadrupled since 2011. While Papua New Guinea's long-term economic outlook may be more positive, largely driven by its natural resource wealth, it continues to face immense development challenges.

Papua New Guinea is in a period of rapid population growth and its human development indicators—such as maternal, child and infant mortality, the prevalence of communicable diseases, and access to clean water and sanitation—are poor. Around 80 per cent of the country's population of over eight million people live in rural communities and do not have access to schools with adequate facilities or staff, medical clinics with sufficient staff and drugs, toilets, electricity, running water or jobs.

Gender inequality is a significant social, political and economic issue in Papua New Guinea. Violence against women is unacceptably high, women's access to economic development opportunities is much less than men's and women are often excluded from formal leadership roles.

Papua New Guinea has a mountainous mainland and over 600 islands making service delivery difficult. It is also one of the most disaster-prone countries in the world, experiencing devastating earthquakes in four highlands provinces in February and March 2018. Other events include volcanic eruptions, tsunamis, cyclones, flooding, landslides and droughts, and climate change. The population is highly vulnerable to natural disasters and climate change being largely rural based and dependent on subsistence farming.

Australia is Papua New Guinea's largest donor. Our development assistance is nearly 70 per cent of Papua New Guinea's total Official Development Assistance (ODA), which equates to around 8 per cent of Papua New Guinea's national budget. Australian aid to Papua New Guinea in 2017-18 was \$541.0 million, with \$471.8 million delivered bilaterally. The ADB and the World Bank have an established presence in Papua New Guinea and are scaling up their development assistance programs. Other significant bilateral donors include China, New Zealand, Japan, the European Union and the United States of America.

Our development assistance is guided by our *Aid Investment Plan Papua New Guinea 2015-16 to 2018-19*, which is aligned with Papua New Guinea's existing development frameworks and strategies, including *Papua New Guinea Vision 2050* and the *Papua New Guinea-Australia Aid Partnership Arrangement 2017-2019*. Australia and Papua New Guinea agreed to extend the Aid Investment Plan and Aid Partnership Arrangement until the 2019 Ministerial Forum to ensure that it is aligned with the Government of Papua New Guinea's forthcoming *Medium Term Development Plan III*.

EXPENDITURE

Table 1 Total Official Development Assistance (ODA) Expenditure in FY 2017-18

Bilateral Objective	\$ million	% of total ODA
Promoting Effective Governance	116.0	21.4
Enabling Economic Growth	159.6	29.5
Enhancing Human Development	156.6	29.0
Other	39.6	7.3
Bilateral Sub-Total	471.8	87.2
Regional and Global	30.3	5.6
Other Government Departments	38.9	7.2
Total ODA Expenditure	541.0	100

PROGRESS TOWARDS AID INVESTMENT PLAN OBJECTIVES

This APPR describes the performance of Australia’s aid program against the strategic objectives set out in the *Aid Investment Plan Papua New Guinea 2015-16 to 2018-19*. This report draws on a range of internal and external reporting, including Aid Quality Checks and partner performance reports.

Table 2 Rating of the Program's Progress towards Australia’s Aid Objectives

Objective	Previous Rating	Current Rating
1. Promoting Effective Governance	Amber	Amber
2. Enabling Economic Growth	Green	Green
3. Enhancing Human Development	Amber	Amber

Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

OBJECTIVE 1: PROMOTING EFFECTIVE GOVERNANCE



This objective includes investments in decentralisation; public sector reform; electoral process; citizen participation; and law and justice. This objective is rated amber for 2017-18 because progress against some outcomes was less than expected. While results from existing activities were largely on track against targets, progress on new programs to support the PNG Government’s decentralisation agenda did not progress as quickly as planned due in part to delays caused by the 2017 National Election and the need for agreement on the strategy with the new Government. Mainstreaming gender equality was again slower than expected in some areas and more progress is needed to maximise the linkages and coordination between programs.

The Papua New Guinea and Australian Governments have agreed to work together in three priority areas under the Papua New Guinea-Australia Governance Partnership. The priority areas are Economic Governance and Inclusive Growth (reported under the economic development outcome); Public Sector Leadership and Reform (reported under the Human Development outcome); and Decentralisation and Citizen Participation. All align with Papua New Guinea’s Medium Term Development Plan, and the aspirations set out in Papua New Guinea’s Vision 2050.

Decentralisation and Citizen Participation

The Government of Papua New Guinea has prioritised decentralisation of responsibility, to provincial and district administrations, to enhance services and economic opportunities for all citizens. The signing of the Partnership Arrangement on Improved Decentralisation and Service Delivery by three Papua New Guinea



Ministers and the Australian High Commissioner in September 2018 was a significant milestone and demonstrated strong alignment of priorities between both governments. Under the partnership, Australia supports three interconnected areas: national policy development and implementation; equipping subnational authorities to identify solutions to local development issues; and enhancing participation and contribution of people, civil society organisations and churches in local development. Key results include developing literacy and small business and vocational skills for over 13,000 Papua New Guineans; almost 30,000 people made use of improved services provided by civil society, church, private sector and government partners; and over 3,000 had improved access to financial services.

Progress was made in developing and implementing national decentralisation policies. An example is supporting a national forum involving provincial planners, district administrators and national agencies to draft provincial Service Delivery Partnerships Agreements. The program also supported technical assistance for the review and implementation of the Department for Community Development and Religion's integrated community development policy. A new Provincial and District Performance Information system was agreed with the Papua New Guinea Government to provide open source data to support policy monitoring and local development planning needs. All of which are assisting the Government's decentralisation agenda.

Partnerships with six priority districts have improved service delivery and economic opportunity at provincial and district levels. Examples include developing district-wide economic and business strategies to support private sector investment; and development of district development plans to improve resource allocation and administration in the districts. While progress in the six districts varied due to lack of capacity of staff in some regions, it is seen to have considerable potential and Australia agreed with the Government of Papua New Guinea to expand this approach to new locations in 2018-19.

There has been significant progress across all existing activities in the Church Partnership Program (CPP). The launch of the third phase of the program in July 2017 was a significant achievement, putting in place important reforms including: opportunities to strengthen the Papua New Guinea Council of Churches; options for enhanced cooperation between churches; and potential for churches to strengthen their engagement with Government on key issues. The CPP partners were invited by the Government to join the National Disaster Management Committee, highlighting their critical role in response and recovery efforts. The CPP used their networks to implement their response to the highlands earthquake, and incorporated the lessons learned during the 2015 El Nino drought work in the Highlands.

The review in May of the Australia–Papua New Guinea Governance Partnership by the independent Quality and Technical Advisory Group found that the overall performance of programs under the partnership were on track but there were areas requiring improvement. This will be addressed in the coming year.

Public sector reform

Through the Institutional Partnership Program (IPP), 13 Australian Government agencies and their Papua New Guinea counterpart agencies work in partnership to pursue common objectives, build capacity and form long-term institutional linkages. In 2018, a long-term adviser assisted the Papua New Guinea Treasury to prepare for and convene an ambitious series of high level APEC meetings. IPP was assessed as an investment requiring improvement in the 2017-18 aid quality check. In response, the IPP was redesigned with significant reforms scheduled in 2018-19.

Kokoda Track support

The progress of our support for Papua New Guinea to keep the Kokoda Track open, safe and well-managed was mixed. Internal monitoring indicated the quality of health, education and water and sanitation for Kokoda communities had improved with Australia's support, which in 2017-18 included completing 16 health and education facilities and training almost 90 school staff and 58 village health volunteers. Advisory support helped Papua New Guinea to complete a draft Military Heritage Management Plan and the legislative framework for the Kokoda Interim Protected Zone. Progress in building the capacity of Papua New Guinea to manage the track and trekking industry was slower than expected. Australia supported a Papua New Guinea



Government review into the Kokoda Track Authority in 2018 and will consider future support following the conclusion of that process.

Electoral support

The bulk of Australia's assistance for Papua New Guinea's 2017 national election was delivered in 2016-17 and concluded in August 2017 (see 2016-17 APPR for details of this assistance). An independent evaluation of Australia's assistance to Papua New Guinea's 2017 national election was completed in June 2018. The evaluation and management response were published in September 2018 and will inform the design of Australia's future electoral assistance.

Crosscutting issues

The Church Partnership Program has facilitated collective interventions by the churches for greater women's rights and advocacy on issues including sorcery accusation-related violence. The churches led the development and implementation of a program to enable women and men in the churches to promote gender equality and social inclusion messages to their communities. The Ginigoada Bisnis Foundation graduated 3,147 women from their short-term skills development training in Port Moresby and Lae. Targeted interventions to support local women's leadership and improve gender equality continued to be delivered through the district partnerships. For example, Women's Business Acumen training was provided through the District Council of Women in Nuku District West Sepik, helping families to plan and manage income generation activities (fresh produce, poultry, piggery, vanilla and cocoa). Through the train-the-trainer model, 12,600 people were trained, including 6,700 women.

The Decentralisation and Citizen Participation Partnership is supporting the Department for Community Development and Religion's (DfCDR) emphasis on disability inclusion. A disability concept note has been developed to support and guide the partnership between DfCDR and Papua New Guinea Assembly of Disabled Persons, with focus on the priority activities they implement. The disability concept note aimed to support disability advocacy work at the subnational level. All newly developed, or revised monitoring frameworks, now include a focus on marginalised groups, including those people living with disabilities

Law and Justice

Australia's support to Papua New Guinea's law and justice sector aims to promote a "just, safe and secure society for all", in recognition it underpins improved human development goals, a strengthened private sector and inclusive economic growth. Australia's support through the Justice Services and Stability for Development Program (2016-19; \$90 million) has four key outcome areas: improving community safety; addressing family and sexual violence; strengthening legal services; and confronting corruption. Special consideration is also given to the Autonomous Region of Bougainville. Australian support aligns with Government of Papua New Guinea priorities and complementary support through programs managed by the Attorney General's Department (AGD), the Commonwealth Ombudsman, the Australian Federal Police (AFP) and UNICEF, which also contribute to these goals.

Improving community safety

Australia worked towards safer and more secure communities by enabling more effective, locally legitimate and available dispute resolution and conflict mediation mechanisms. Over 1,200 Village Courts and Land Mediators completed training in delivering equitable and effective services and provided services to approximately 43,000 Papua New Guineans. Our work through UNICEF was integral in providing the first ever training on child rights and child protection to Village Court Officials. Awareness raising campaigns on legal rights and responsibilities were presented to an estimated 65,000 people in the reporting period.

Acknowledging the challenges of gathering data (just three per cent of Village Courts report their data each year), 75 Village Court inspections were conducted which identified ways to improve performance, including in stronger data management processes. With Australian support, key coordination mechanisms in the law



and justice sector were strengthened and all provincial working groups were assisted in implementing their strategic plans.

Addressing family and sexual violence

Coordinated efforts between Australia's aid program, AGD, AFP and UNICEF contributed to strong progress towards the intermediate outcomes for addressing family and sexual violence (FSV). We improved survivor access to FSV support services by improving referral pathways and increasing public awareness on recently enacted laws such as the Family Protection Act (FPA). The quality of police services and their responses to FSV survivors has improved through training and upgraded infrastructure (including the completion of Papua New Guinea's 25th FSV Unit) and AGD support to the Office of the Public Prosecutor (OPP) focussed on prosecutions for family and sexual offences. Further results addressing FSV are in the Gender equality and women's empowerment section, pages 18-19.

Australia supported the development of Court Rules for Magisterial Services to implement the FPA, training of service providers and community awareness. We assisted the Department of Justice and Attorney General (DJAG) and the Constitutional Law Reform Commission to implement the Sorcery National Action Plan, which included working with churches and developing a training package for police.

Strengthening legal services

Law and justice agencies were supported to deliver more accountable, responsive and accessible, services to promote a culture of legal compliance and enforcement. The Secretaries of Australia's Attorney General's Department and Papua New Guinea's DJAG signed an MOU in November 2017 to formalise their partnership, which included the development of a capacity needs analysis which will inform future cooperation and a new White Paper on law and justice.

Australia completed the redevelopment of the Manus Provincial Police Headquarters in November 2017 and it now services a population of over 70,000, including survivors of FSV. We delivered 30 training programs to 760 officials (284 female) from across the sector to strengthen leadership, management and professional skills. Organisational reform programs continued for the Public Solicitor's Office and Magisterial Services to assist with long term institutional change.

The Papua New Guinea-Australia Policing Partnership is currently focused on assisting the Royal Papua New Guinea Constabulary (RPNGC) to deliver security arrangements for APEC. The AFP also maintained a public safety policing advisory element to strengthen the professionalism and accountability of the RPNGC. Advisors focussed on core policing activities at the Bomana Police Training College and in a number of Provincial centres and on developing the RPNGC Transnational Crime Units

This year, UNICEF worked with the AFP and RPNGC to develop Police Policy and Protocols on Juvenile Justice.

Confronting corruption

With support from Australia's AGD, the Bank of Papua New Guinea led the development of a five year National Strategic Plan to guide the ongoing implementation of Papua New Guinea's international anti-money laundering and counter-terrorism financing obligations. AGD advisors also mentored colleagues on fraud and corruption cases in the OPP, and supported Papua New Guinea to obtain a money laundering conviction in 2017.

Australia's Office of the Commonwealth Ombudsman supported the Ombudsman Commission of Papua New Guinea to develop and approve internal complaints handling mechanisms for government agencies.

The Autonomous Region of Bougainville

Australia provided ongoing support to the Bougainville Police Service, including providing dedicated police housing. We supported the training of Bougainville's probation officers which now provides magistrates with the option to use probation as a sentencing option. We supported the rehabilitation, reintegration, and training of young offenders through the Mabiri Juvenile Rehabilitation Centre – a model highly regarded by the Government of Papua New Guinea.

OBJECTIVE 2: ENABLING ECONOMIC GROWTH



Australia's Enabling Economic Growth program supports our objective for a stable and prosperous Papua New Guinea as we rebalance our bilateral relationship towards a more strategic economic partnership. Consistent with the Aid Investment Plan strategy, these programs are targeting private sector development and economic governance and we are supporting Papua New Guinea's preparations to host APEC in 2018.

Our investments in this objective reflects Australia's values and commitment to reducing poverty, financial inclusion and lifting living standards through sustainable economic growth, as articulated in the 2017 Foreign Policy White Paper. This includes investments in private sector development, the economic governance sector and the transport sector. This objective is rated green for 2017-18 because investments in the Economic Governance and Inclusive Growth Partnership, Transport Sector Support Program and the Incentive Fund have met or exceeded expectations. Our investments across our aid program to Papua New Guinea work together to enable economic growth, as improved governance and increased human development also support inclusive economic growth in Papua New Guinea.

Private Sector Development and Economic Governance

Australia's investment in private sector development and economic governance in Papua New Guinea is delivered through a range of programs provided by the Department of Foreign Affairs and Trade (DFAT) and the Australian Centre for International Agricultural Research (ACIAR).

Economic Governance and Inclusive Growth

The Economic Governance and Inclusive Growth Partnership (EGIG) with the Government of Papua New Guinea seeks to build macro-economic stability, improve fiscal management and inclusive economic growth. The Papua New Guinea Internal Revenue Commission (IRC) is a key EGIG program partner. Under this partnership, progress exceeded 2017-18 expectations as we helped increase the Government of Papua New Guinea's tax revenue by 315 million kina through clearing over 608,000 unlodged returns and increased monthly lodgement rates by 44 per cent. This significant outcome was achieved through Australia's funding of 60 short-term staff in the IRC's Lodgement Enforcement Division. Our partnership with the Department of Finance has implemented new legislation and financial management systems that increased revenues in late 2017, improved transparency and reduced opportunity for corruption.

In May 2017, the EGIG Partnership supported the Asian Development Bank to fund a package of USD195 million to support the delivery of accessible, affordable and high-quality healthcare services in Papua New Guinea. This support package was made possible by Australia funding a Public Finance Economist to work with the Asian Development Bank.

Private Sector Development Framework (up to \$68 million, 2014-19)

Structured under four pillars, the Private Sector Development Framework seeks to reduce costs, reduce risk and increase the productivity of the Papua New Guinea economy. Under the **Business-Enabling Environment pillar**, the International Financial Corporation (IFC) improved energy services and access to financial services for SMEs. As a result of Australia's support, over 1.2 million people in Papua New Guinea benefitted from high-quality solar recharging and lighting products under the IFC's *Lighting Papua New Guinea* project, which met 2017-18 expectations. Our support enabled Papua New Guinea to develop a personal property securities act and collateral registry to facilitate better access to credit, and contributed to the improvement in PNG's position in the Ease of Doing Business index by 26 places between 2016 and 2017.



Under the **Agriculture pillar** we are working with Papua New Guinea to support rural development, rural livelihoods, markets and trade through the Market Development Facility (MDF), ACIAR, the Pacific Horticultural and Agricultural Market Access (PHAMA) and the International Financial Corporation (IFC) programs. Our investment in MDF is stimulating investment, business innovation and regulatory reform to create jobs and increase income for poor women and men in rural and urban areas, particularly in the agriculture sector. Progress is as expected at this stage of implementation. Through our support to small farmers in remote areas, we are partnering with several rural Papua New Guinean businesses to increase agricultural production. For example, our investment resulted in a company tripling its honey production as well as training women in beekeeping through its partnership with New Guinea Fruits, a honey producer in Eastern Highlands province.

Through ACIAR's canarium nut project, a range of new products were developed in East New Britain including natural, roasted and peeled products, and progress is as expected at this stage of implementation. Two private sector players, the Canarium Nut Co and CPL, have partnered with the project team for market testing trials. The project scaled up between 2017 and 2018, with a fourfold increase in canarium nut processing capacity.

The IFC Partnership, co-funded by New Zealand, combines advisory services with investments to generate private sector activity and economic growth in Pacific Island countries. In Papua New Guinea, our investment helped increase rural livelihoods by supporting better logistics to enable Mt Hagen agribusinesses to increase fresh produce transport to Port Moresby from 20 tonnes per month to 140 tonnes in March 2018. The program trained 800 farmers in agricultural techniques, financial and business literacy, and pest and disease management, and progress is as expected at this stage of implementation.

Through our investment in Kumul Game Changers (KGC), we assisted young entrepreneurs to develop their ideas, under the **Innovation and Partnerships pillar**. KGC attracted over 600 submissions and 40 selected entrepreneurs undertook a Bootcamp in Port Moresby in 2017. In August 2017, EGIG worked with the Bank of Papua New Guinea to facilitate the first Papua New Guinea Blockchain seminar attended by over 200 people from the banking, telecoms, logistics and energy sectors. The momentum generated through the seminar led to the establishment of a Papua New Guinea Digital Commerce Association.

The **Financial Inclusion pillar** focuses on supporting economically marginalised (particularly women) through the Microfinance Expansion Program (MEP). An evaluation of the MEP undertaken this year showed that work is needed to increase the uptake, usage and access to services. The absence of an overarching financial markets framework and system to support innovation in financial inclusion makes it challenging for programs such as the MEP to deliver tangible outcomes and progress is somewhat less than expected.

Incentive Fund (up to \$100 million, 2015-19)

Australia's Incentive Fund provides grants to high-performing Papua New Guinean organisations, and this investment is progressing as expected. Phase 4 of the Fund (August 2015 - June 2021) encourages proposals from organisations and projects that partner with private sector and civil society organisations, involve agriculture and rural development, benefit provincial regions, feature innovative ideas and represent development effectiveness and value-for-money. The Incentive Fund is currently funding 13 projects at various stages of implementation and remains on track to achieve or exceed all three key end-of-program outcomes. As of May 2018, 91 percent of projects support the empowerment of women and girls, with 82 percent of projects allocated to infrastructure. During 2017-18, the Incentive Fund completed its first public-private sector partnership project: an infrastructure project at Pata-Painave Primary School in East New Britain that established a successful private sector partnership with Hargy Oil Palm Ltd. As a result, Pata-Painave Primary School has doubled its enrolment capacity.

Support for APEC 2018

The EGIG Partnership is working with Papua New Guinea's National Research Institute to establish the Papua New Guinea APEC Study Centre (ASC). The purpose of the ASC is to foster research and academic discussions to support the APEC mission of regional economic integration. The ASC, in collaboration with the Papua New



Guinea APEC Secretariat and the Papua New Guinea APEC Coordination Authority, hosted the successful ASC Consortium Conference, which brought together over 100 researchers from 15-member economies. The EGIG also funded a SME Business Adviser to work with 45 businesses, employing almost 900 people across several sectors. The adviser provided guidance to business on harnessing the opportunities arising from hosting APEC. EGIG's work will increasingly align with the Papua New Guinea APEC Business Advisory Council's priorities, which includes a strong focus on digitisation and innovation.

Crosscutting issues

Private sector engagement and innovation are essential components of EGIG, to support the Government of Papua New Guinea's ambition to grow SMEs and provide opportunities for entrepreneurship. EGIG has brokered three new initiatives with Generative Solutions, The Difference Incubator and Benefit Capital that link Papua New Guinean entrepreneurs with Australian experts to support taking ideas to scale.

Women's economic empowerment cuts across all four pillars of the Private Sector Development Framework. EGIG has incorporated gender equality and empowering women and girls into a number of elements of the inclusive economic growth activities.

Transport

Papua New Guinea's geography and climate provide substantial challenges for transport. Inadequate attention to maintenance means that much of the country's 30,000 kilometres of roads are in poor or very poor condition. This reduces access and increases transport costs – a particular problem for the majority rural population. Air transport is an important alternative, and maritime travel is essential for the many island and coastal communities. Improving all modes of transport would facilitate access to essential services and boost economic growth.

Australia has undertaken a long term and multi-pronged strategy to strengthen Papua New Guinea's transport systems. The latest phase of the Transport Sector Support Program (TSSP, \$370 million, 2014 – 2020) focuses on: maintenance of Papua New Guinea's national priority land transport assets; improving aviation and maritime safety and security; and strengthening transport agencies. Australian transport agencies partner with Papua New Guinea counterparts under TSSP through six Agency Support Arrangements.

DFAT's Office of Development Effectiveness' (ODE) evaluation of TSSP was released in February 2018. The overall conclusion was that 'the work TSSP does to maintain Papua New Guinea's roads has a major impact in improving the lives of ordinary Papua New Guineans. While this impact is impossible to quantify precisely, it is undoubtedly large'. ODE also found there was a need to sharpen focus in a number of areas. DFAT has agreed (some with qualifications) to all recommendations, and their implementation is underway.

Maintenance of national priority land transport assets

Investing in road maintenance is one of the most cost-effective uses of land transport funds. Support for maintenance (both maintenance contracts and advisory support and studies) therefore constitutes the bulk of Australia's support for transport, with much of our effort devoted to helping the Government of Papua New Guinea to prioritise, budget for and manage its own contributions to maintenance.

In 2017, Australia supported the maintenance and reconstruction of 1,981 kilometres of roads across 10 of Papua New Guinea's 22 provinces and the Autonomous Region of Bougainville, almost doubling the target of 1,000 kilometres. The majority of work undertaken were concentrated in five provinces, resulting in efficiencies in the program. A design report was provided to the Government for the upgrade of the Ramu Highway and stronger partnerships with multilateral agencies enabled Australia to help Papua New Guinea access additional concessional finance for the Ramu Highway, part of our work to broaden infrastructure financing sources.



Six Fixed Term Maintenance Contracts on three priority highways were awarded by mid-2018, with contractors expected to mobilise in August 2018. These larger longer term contracts on key corridors are intended to be a more efficient use of resources, consistent with the ODE evaluation. TSSP also commenced funding for reconstruction and sealing of 32 kilometres of the Boluminski Highway in New Ireland, which will mean the highway is completely sealed from the Provincial Capital Kavieng to Namatanai (around 265km).

Improving aviation and maritime safety and security systems

With significant Australian transport through and into Papua New Guinea's airspace and waters, TSSP investments enhancing transport safety and security directly support Papua New Guinea's priorities and Australia's national interest. These activities are also supporting Papua New Guinea's hosting of APEC in 2018.

Australia continues to work with Papua New Guinea to upgrade aviation and maritime infrastructure and systems, especially with the Niusky Air Traffic Management System, the Global Navigational Satellite Systems project and the Small Craft Act. Through Australia's Bureau of Meteorology, TSSP also supports the Papua New Guinea National Weather Service, in recognition of the link between weather and safe and effective transport systems.

Strengthening agencies

With the help of TSSP, Papua New Guinea Aviation and Maritime Working Groups are close to finalising submissions to Papua New Guinea's National Executive Council on strategic sector reforms. TSSP-initiated policy workshops culminated in a policy paper on transport trends to assist the update of the Medium Term Transport Plan in 2018, which TSSP is also supporting.

TSSP supported two key land transport studies in 2017-18. The new National Road Network Strategy (NRNS) seeks to optimise resource allocations by more effectively aligning service levels with demand. The Government has committed aligning funding to the NRNS. TSSP also funded a Review of Institutional Arrangements for the Management of the Road Network. If fully implemented this will reframe how Papua New Guinea manages its road network. In 2017-18 an Australian Civil Aviation Safety Authority revenue management study was also completed for the aviation sector.

Crosscutting issues

TSSP was recognised by the ODE review for its concerted efforts to enhance women's voices in decision-making, leadership and peace-building, especially through the accelerated executive mentoring program for women. In 2017, 42 per cent of the 36,841 people working on Community Works Agreements for road maintenance in Bougainville were women. Climate change is also an emerging priority for Papua New Guinea's transport sector. TSSP efforts to date have focused on climate-sensitive designs to ensure delivery of climate-resilient infrastructure. In 2017 this included special drainage measures for the Buin Town Roads project in southern Bougainville, to accommodate the region's significant rainfall.

OBJECTIVE 3: ENHANCING HUMAN DEVELOPMENT



Australia's assistance to the health and education sectors and our work to support effective leadership has been rated amber for 2017-18. While there are many examples of the effectiveness of our work in these areas, achievements did not always match expectations, and the development of new programs is behind schedule in both sectors. Planned improvements to monitoring and evaluation systems in the education program have not yet been completed, limiting our ability to report on achievements in detail.

Papua New Guinea's economic and social development is heavily dependent on the health, education and skills of its population. The Enhancing Human Development program builds capacity in these fields as it supports the bilateral relationship to transition from an aid-oriented approach to one based on broader economic, development and strategic objectives. Our partnerships in human development are promoting a more prosperous, secure and stable nation, which is in both Papua New Guinea's and Australia's broader national interests.

Health

Papua New Guinea's health system struggles to meet the needs of its growing population, and most health indicators have shown only small improvements in the last decade. Maternal and neonatal mortality rates remain unacceptably high and skilled birth attendance, modern contraception and immunisation rates are low. Many health facilities lack staff, medical equipment and supplies, and do not have sufficient funding to provide basic services. The Government's National Health Plan 2010-20 provides a clear framework for improving health services. However, major cuts to health funding associated with declining Government revenue have hindered implementation of the plan.

Australia is the major donor to the sector, providing around \$100 million in 2017-18, which is equivalent to about 20 per cent of the Government of Papua New Guinea's health expenditure. Our health strategy is intended to strengthen Papua New Guinea's own health services and systems, including policy engagement with Government, advocacy for adequate sectoral funding and encouraging other donors to contribute to health improvements.

Strengthening health services and systems

In 2017-18 Australia and the ADB began to complete the Rural Primary Health Services Delivery Project (\$40 million, 2011-19). This year, six Community Health Posts were opened in three provinces, providing facilities for childbirth and other services. By the end of 2018, all 32 planned new Community Health Posts will be completed, extending the coverage and quality of primary health care across eight provinces.

Major progress has been made in upgrading health facilities in Morobe under the *Joint Understanding between Australia and Papua New Guinea on Further Bilateral Cooperation on Health, Education and Law and Order*. Following completion of upgrades to the Lae School of Nursing and a number of primary health facilities in Morobe province, redevelopment of Lae's ANGAU Memorial Hospital is now well underway.

The extensive redevelopment of Arawa Hospital on Bougainville was completed, including a new Family Support Centre, providing quality medical services and support to survivors of sexual and gender based violence. In addition four community health posts are currently under construction

Australian support for a skilled health workforce in 2017 included scholarships for the training of 25 nurses and 51 midwives in Papua New Guinea, and 20 Australia Awards scholarships for advanced health training in Australia – but many more skilled nurses and midwives are needed, and this will remain an important area for future work. In 2017-18, a new Clinical Support Program was introduced to increase the capacity of



ANGAU Memorial Hospital, Port Moresby General Hospital and the University of Papua New Guinea's School of Medicine and Health Sciences.

Australian officials and advisors also provided input to the Government's health policy discussions on a range of matters to support Papua New Guinea's access to a new USD300 million loan from the ADB, plus a health project loan valued at USD95 million.

Supporting sexual, reproductive and child health

In 2017-18, new Australian health grants commenced under the PNG Partnerships Fund (PPF)¹. A consortium led by the Papua New Guinea Catholic Church Health Services² (\$12.6 million, 2017-20) is working with Government and church providers across 19 provinces to provide sexual and reproductive health services. The consortium placed 1,102 additional people on anti-retroviral medication and treated over 2,700 people for sexually transmitted infections. A consortium led by Marie Stopes (\$23 million, 2017-20) is working to increase the coverage of high quality reproductive services such as family planning, ante and post-natal care, supervised deliveries, and infant and child nutrition and immunisation across 14 provinces. Since 2015, Australian support for UNICEF's Early Essential New-born Care program, benefited an estimated 104,000 new-borns through training nurses, midwives, community health workers in 195 health facilities across 11 provinces. Australia also supports sexual and reproductive health programming through many *Pacific Women* projects throughout Papua New Guinea.

Health security and communicable diseases

Communicable diseases are a major burden for Papua New Guinea, which is vulnerable to the entry of new diseases and resistant forms of existing ones. Australia provides support to immunisation through our targeted financial support for, and advocacy to, multilateral organisations like GAVI and UNICEF.

Our TB activities have focused on the high prevalence area of Daru in Western Province. In 2017-18, around 99 per cent of TB patients completed treatment (up from 65 per cent in 2014)³. Close collaboration between Australia, the Government of Papua New Guinea and the World Bank has led to a new TB program now being rolled out in Port Moresby (another high prevalence area)⁴.

Malaria remains endemic in Papua New Guinea, with an estimated 900,000 cases each year. The Australia-China-PNG Trilateral Malaria Project, which commenced in 2016, has enabled advanced training for more than 200 health staff across 18 provinces. The mid-term evaluation of the project found good progress against its objectives of increasing the quality of malaria diagnosis. The project, which is an important example of Australia-China collaboration, will be extended for a further year (to the end of 2019) and future cooperation is being considered.

Crosscutting issues

Gender is a major influence on health, and our work across the sector attempts to take account of the importance of social roles, status and exposure to violence. Australia funded the construction of two new Family Support Centres (in Daru, Western Province and Buka, Bougainville) and training of health workers (15 female and 15 male) to provide safety and support services for survivors of sexual and gender-based violence.

Like many developing countries, Papua New Guinea has high levels of disability. Disability inclusive development in health is a major focus for Australia, and our health infrastructure projects are designed to ensure that they are disability-inclusive to minimise physical barriers to access. New programs being designed will be expected to explicitly consider what more can be done to promote social inclusion.

¹ The PPF health grants are designed to support more effective primary health care services, focusing on sexual and reproductive health (SRH) services and HIV.

² Other consortium members are Anglicare, Australian Society for HIV, Viral Hepatitis and Sexual Health Medicine (ASHM), Burnet Institute, Igat Hope.

³ Only 1.9 per cent of multi-drug resistant TB patients failed to follow-up treatment (down from 2.6% in 2016).

⁴ This program is funded by a USD15 million WB loan and matching grant from Australia.



Education and Leadership

Education plays an important role in developing the leaders who are critical to Papua New Guinea's growth and stability, but the country's education system lacks sufficient funding, well trained teachers and administrators, and the planning and management necessary to effectively utilise its limited resources.

Australia's education and leadership portfolio in Papua New Guinea builds on commitments in Australia's Foreign Policy White Paper to work with partner governments to strengthen skills, people to people links and leadership. The portfolio recognises the significance of the growing youth bulge on access to education services, the ability to secure employment, and the challenges that face Papua New Guinea's current and emerging leaders. Australian assistance cannot address all the country's educational challenges, so focusses on key areas, and on demonstrating good practices that can have broader influence.

The *Australia Partnering with Papua New Guinea: Education and Leadership Portfolio Plan 2018-2022* was completed in early 2018. The Plan articulates Australia's objective to support Papua New Guinean citizens gain the skills and knowledge to take advantage of employment and leadership opportunities, and has three priority areas: foundations, skills and productivity, and leadership. The portfolio supports the Government of Papua New Guinea deliver against its Vision 2050 statement and the Alotau Accord II.

Foundations

Foundational literacy and numeracy are the building blocks of education. Papua New Guinea's net enrolment rate of 63 per cent is the lowest in the Asia and Pacific region. Its Tuition Free Fee policy has increased access to basic education, but schools have struggled to cope with the increased enrolments, excessive class sizes, and insufficient funds for supplies, and so have often failed to maintain educational quality. As Government revenues have declined, shrinking educational budgets have exacerbated these problems and hampered the Department of Education's ability to influence the system.

Improving foundational skills is the first of Australia's three strategies to boost PNG's educational system and strengthen the country's leadership. We train and support teachers and provide them with accommodation in remote areas; build and equip school facilities; and help educational institutions and leaders to oversee and strengthen their systems. In 2017-18, we improved literacy and numeracy outcomes in the first three years of school by training 1,348 elementary teachers and 214 Community Literacy Volunteers, launching pilot electronic reading applications in 36 schools; and training 12,000 school administrators to efficiently manage and account for Government funds. We also supported new infrastructure, including libraries for five schools in the Autonomous Region of Bougainville and (through our Incentive Fund) new buildings for a school in East New Britain.

Australian advisors also assisted in the administration of the national school census and improved finance capabilities within the National Department of Education.

Skills and Productivity

Papua New Guinea's technical and vocational education and training (TVET) system is not yet able to adequately meet the needs of industry and employers. Over 50,000 young people enter the labour market each year, while only a few thousand formal jobs are created, and there are five times the number of Grade 12 graduates than university places. Women remain significantly under-represented in the labour force.

Australia's support has improved skills and productivity through policy advice to improve the management of TVET institutions, provided scholarships and other training, and fostered partnerships between Australian and Papua New Guinea universities to promote quality teaching.

In line with Papua New Guinea's Department of Higher Education, Science, Research and Technology's plans, Australia is supporting reform in the TVET system and maintaining assistance in planning, data collection, monitoring and financial management. We helped to develop the legislation for a National Skills Development Authority; supported amendments to assist skilled professionals become TVET teachers; and helped prepare the National Training Policy 2017 for endorsement. Australian technical advice was drawn



upon to prioritise, procure and install ICT equipment in six technical colleges to deliver courses to industry standard.

In preparation for APEC 2018, we supported key Papua New Guinean APEC officials to enhance their policy development, negotiation and coordination skills. This included providing Australia Awards training to 189 people, 53 of whom were senior public servants from Papua New Guinea's APEC Secretariat and other relevant government departments.

Australia Awards also supported training of 309 students (including 205 women) at Papua New Guinea institutions to help address health and education skill shortages. These scholarships were complemented with teacher professional development and Gender Equality, Disability and Social Inclusion (GEDSI) training, ICT equipment and security enhancements to 24 Papua New Guinea institutions.

We also supported quality improvements to Papua New Guinea's higher education sector. Our Kina-for-Kina (K4K) program introduced Teaching Quality Assurance Systems, enhanced faculty-to-faculty collaboration by providing skills in academic leadership, change management and strengthening the twinning relationship across Australian partner institutions. Discussions have begun about a possible transition from the K4K approach towards long-term partnerships.

Leadership

Effective education not only builds skills, but can also open minds to new ideas and nurture leadership that promotes equitable national development. During 2017-18, management of the Pacific Leadership and Governance Precinct (Precinct) was brought into the education portfolio to recognise and utilise the synergies between these areas. The Precinct supports the next generation of public service leaders, equipping them with core public policy and economic skills, and instilling leadership values and ethical principles. This year three new buildings at the Precinct's core institutions were opened by the then Hon. Julie Bishop MP, Minister for Foreign Affairs and Papua New Guinea's Prime Minister, Hon. Peter O'Neill MP.

In 2017-18, 1,653 Papua New Guineans directly benefited from the Precinct; including 763 people (exceeding our target of 500) completing undergraduate courses, diplomas or short courses, and 930 who attended Precinct-supported public policy discussions. Three cohorts, totalling 68 public servants in early leadership roles (54 percent female), completed the Precinct's Future Leaders Program. Additionally, 248 provincial and district public servants (27 percent female) undertook tailored training in support of basic skills development and the Government of Papua New Guinea's decentralisation agenda. The sub-national training is developed and delivered through a partnership with the Australian Public Service Commission.

In May 2018, the APEC Discussion Series at the Precinct was launched. Jointly hosted by the Precinct and the Papua New Guinea APEC Secretariat, it provided the public with unprecedented access to visiting international experts. High-profile international speakers included the Director-General of the World Trade Organization, who provided the key note address at the inaugural event.

Crosscutting issues

The TVET program completed important research on the widespread barriers that women in Papua New Guinea face in the tertiary sector. Despite growth in post-secondary education enrolment in the last five years, no significant increase has occurred for women - indicating that much more can be done. Retention rates of women enrollees are lower than those of men, suggesting women face further impediments after they enrol, and we are commissioning further studies into this area. The Australia Awards program met its target of 50 per cent women among 2017 long-term awardees. Measures to attract and retain women scholars included gender targets, pre-departure training on domestic violence, and case management support. While girls' enrolment in primary schools improved, their completion rates were still well behind boys. Disability inclusion is a key policy priority for the Australian Government. In 2017-18, an additional 1,522 children with disabilities were registered with an Inclusive Education Resource Centre, 44 teachers were supported to complete an Applied Diploma in Special Education and 174 children were given assistive devices (including hearing aids and glasses) to assist their studies. The program benefited from funding of \$1 million from DFAT's Disability Inclusive Development Fund.

CROSSCUTTING OBJECTIVES



Highlands Earthquake Recovery

A 7.5 magnitude earthquake struck the highlands of Papua New Guinea on 26 February 2018 with severe and widespread impacts, particularly in Hela and Southern Highlands provinces. The Papua New Guinea police reported that the death toll reached 125, and the UN estimated 270,000 people required humanitarian assistance.

Following a request from Papua New Guinea's Prime Minister, Peter O'Neill, Australia provided a \$5 million assistance package to support the Government of Papua New Guinea's humanitarian efforts. This consisted of:

- \$3 million to Australian NGOs active in the highlands region to support the immediate relief and recovery needs of over 70,000 people: Caritas Australia assisted 37,500 people with lifesaving water, sanitation, hygiene and shelter solutions targeting those most vulnerable; CARE Australia supported the immediate relief and early recovery needs of 33,300 people by providing water, sanitation, hygiene, livelihoods and gender/protection assistance.
- \$1 million to support women and children in the earthquake-affected areas, in partnership with UN agencies and International Planned Parenthood Federation. These agencies assisted with menstrual hygiene, birthing, sexually transmitted infections and sexual violence through 10 centres, supporting around 70,000 women and girls.
- \$400,000 worth of electrical transformers to enable power supplies to be re-established in Hela and Southern Highlands provinces.
- \$200,000 for humanitarian supplies, including tarpaulins, bed mats and water containers, and logistics support.
- A 15 person Australian Medical Assistance Team (AUSMAT) deployed to the Southern Highlands, assisting with emergency operations and treating 1,025 patients.

The ADF launched Operation *PNG Assist 2018* to support the relief operation, deploying 110 personnel. A RAAF C-130J aircraft made 60 flights, transporting over 510 tonnes of medical and humanitarian supplies to affected areas in Southern and Western Highlands. This included the distribution of food provided by the World Food Program and other partners. Three CH47F Chinook helicopters distributed supplies to the affected region to many of the communities, initially only accessible by helicopter.

Alongside the initial humanitarian relief effort, DFAT and Papua New Guinea Department for Works (DoW) undertook an assessment of the earthquake's impacts. This showed that extensive damage to critical infrastructure across affected areas was severely curtailing basic service delivery. The DoW estimated the cost of damage to be over PGK500 million, but the eventual figure may be even higher. In response to a Government of Papua New Guinea request, DFAT developed a long term plan for reconstruction, with a focus on repairing and rebuilding roads, health and education facilities, and restoring electricity, water and sanitation services. However, the scale of the damage, financial constraints and limited access due to geography and security concerns means that full restoration may take considerable time.



Gender equality and women's empowerment

Gender inequality is entrenched across Papua New Guinea, which is ranked 153 out of 189 countries in the UNDP's 2017 Gender Inequality Index. Papua New Guinea is now ranked equal last of 191 countries for women's participation in national parliament, with the number of female Members of Parliament falling from three to zero in the 2017 general election; in Local Level Governments, less than two per cent of seats are held by women. Prime Minister O'Neill said publicly he was disappointed with the lack of women's representation and committed to discussing with coalition partners the revival of a motion to have 22 reserved seats for women in the Parliament.

Australia recognises that gender equality and women's empowerment are essential to Papua New Guinea's economic and human development and are critical cross-cutting issues for Australia's engagement in the country. Gender equality issues are considered in every Australian development investment and diplomatic or economic engagement, as well as through specific gender activities. This work is guided by the Australian High Commission in Port Moresby's *Gender Action Plan 2015-20*, which identifies three main strategic objectives for aid investments: enhancing women's voice in decision-making, leadership and peacebuilding; promoting women's economic empowerment; and ending violence against women and girls and increasing access to support services. In line with this, Australia utilises opportunities presented through its engagement with Government to advocate on gender matters.

The Government of Papua New Guinea's progress to address inequality included in the 2018 budget the first allocation of funding to the Department for Community Development and Religion for the implementation of two key pieces of legislation: the *Papua New Guinea National Strategy to Prevent and Respond to Gender-Based Violence 2016–25* and the *Sorcery and Witchcraft Accusation Related Violence National Action Plan 2015*. Australia supported the development of the strategy and the plan. Government agencies are increasing efforts to implement the *Family Protection Act 2013*, which criminalises domestic violence and introduces a system of Family and Interim Protection Orders.

Australia's principal gender development investment in Papua New Guinea, *Pacific Women Shaping Pacific Development (Pacific Women)* (\$88 million from 2012-22) has four intended outcomes: increasing women's leadership and influence; increasing economic opportunities for women; strengthening the response to violence against women and expanding support services; and enhancing knowledge and evidence to inform policy and practice. A mid-term review of the *Pacific Women* second Papua New Guinea country plan, delivered in August 2017, found it was on track to achieving objectives and outcomes. Through sharing lessons and strengthening linkages between activities and partners it has facilitated a coordinated program of work that was greater than its component parts. More than half of the projects addressed more than one intended outcome and there was substantial evidence of partners acting together for change.

In 2017-18, 80 percent of Australia's development assistance to Papua New Guinea effectively addressed gender issues, measured through Aid Quality Check ratings, meeting the DFAT strategic target of 80 per cent. 2.3 per cent of Australia's total development assistance to Papua New Guinea promoted gender equality as a principal objective. The proportion of Australian investments that also included significant spending on gender equality (not just those with gender equality as a main objective) was 44.5 per cent. This result reflects a more rigorous approach to the allocation of DAC categories and provides post with a useful baseline for the future. It highlights the need to make commitments to gender equality more explicit in designs. The Gender Action Plan is currently being revised and in its new form will drive a more strategic and coherent approach to the pursuit of equality across the program.

Enhancing women's voice in decision-making, leadership and peacebuilding

All investments included some element of support to women in leadership. Major contributions to this outcome are found under the *Pacific Women* program, the Law and Justice program, the Pacific Leadership and Governance Precinct (Precinct) and Bougainville partnership.

Internal and *Pacific Women* reporting indicated some progress towards this objective. The training and/or mentoring of women (1,027 across Australia's investments in 2017-18) is a Performance Assessment



Framework indicator of progress towards enhancing women's voice. In Bougainville, the mid-term evaluation found *Pacific Women* projects have influenced government policies and programs promoting women's leadership, contributed to increasing the number of women contesting community government elections, and built women's skills to fulfil leadership roles.

Promoting women's economic empowerment

Pacific Women reporting indicated some progress towards this objective. *Pacific Women* projects assisted more than 8,000 women to access financial information and services in 2017-18. A mid-term review of the Coffee Industry Support Project, a significant *Pacific Women* project for promoting empowerment, found it was on-track to achieve outcomes including enabling women's meaningful participation in the coffee industry; increased access to and control over income from coffee farming; and improved learning about women's empowerment in the industry. Over 35 per cent of women farmers accessed coffee farming support services in 2017 compared to less than 5 per cent when the project commenced in 2013.

Australia's investment in improving women employees' self-confidence and technical skills through the Certificate IV Leadership and Management (which was offered to a number of Business Coalition for Women member organisations and some public sector agencies) resulted in around 80 per cent of the participants being promoted and/or taking on more responsibility.

Ending violence against women and girls and increasing access to support services

The mid-term review of *Pacific Women* indicated strong progress towards this objective, including evidence that projects developed advocacy coalitions, trialled prevention programs, and developed service delivery models and referral pathways for survivors. Internal reporting found projects have increased the availability and quality of medical, legal, accommodation, case management and justice services for survivors in priority provinces. In 2017-18, *Pacific Women* projects enabled more than 900 women and girls to access support services (a key Performance Assessment Framework indicator). Community awareness and outreach campaigns that challenge social gender norms and violence against children reached more than 134,000 women, men, girls and boys. Understanding of gender-based and sorcery accusation related violence was improved through research, released in November 2017, that analysed data from over 6,000 violence cases, and led to the development of communication strategies and tools for community advocacy and awareness.

The Justice Services and Stability for Development program supported the establishment of a further two FSV units in 2018, bringing the total number of FSVUs to 25.

Autonomous Region of Bougainville

Australia's development assistance in Papua New Guinea's Autonomous Region of Bougainville supports the foundations for peace and stability, including through improved governance and increased economic growth. We support the Papua New Guinea and Autonomous Bougainville governments to implement the autonomy arrangements under the Bougainville Peace Agreement. We assist the Autonomous Bougainville Government (ABG) to increase their capacity to deliver services to all Bougainvilleans and to invest in Bougainville's private sector to benefit the economy. Supporting women and youth to actively engage in the community and the economy is a crosscutting priority. We will work with the Papua New Guinea and Autonomous Bougainville governments and community groups in 2018-19 to provide consistent and impartial support in the lead up to the referendum.

Australia delivered \$48.3 million of assistance to Bougainville in 2017-18 through dedicated Bougainville programs supporting improved governance, economic development, and peace building, and through Australia's Papua New Guinea-wide programs.

Governance

Our assistance in the governance sector provides comprehensive advisory support to the ABG to implement core government functions. This includes strategic planning, project management, human resource



management, policy formulation, legislative drafting, public financial management, electoral processes, taxation and revenue, urban planning and land use.

The program supported the development of the first ever Bougainville Strategic Development Plan (2017-2022). It provides a political and development roadmap which is critical to support continued stability in Bougainville.

Our support is delivered in a flexible way to maximise quick wins to bolster the ABG's accountability and integrity. For example, we supported an audit of the ABG payroll which found that 600 'ghost' workers were collecting salaries for work not performed. In real terms, this represented a cost to the national government of around \$5 million annually. As a result, the ABG payroll has been adjusted to ensure that only ABG officials who are currently employed can draw a salary.

Economic development

The cornerstone of our economic assistance is the Commodity Support Facility (CSF) to support Bougainville's agricultural sector. The CSF provides grants to small businesses, community groups and cooperatives to catalyse increased production and quality of raw products, marketing, research, and training activities in the cocoa, poultry, coconut, copra and fresh produce industries. In 2017-18, 10 new grants were awarded to cocoa farmer groups across Bougainville.

With Australia's support, Bougainville's cocoa industry has now returned to pre-crisis levels and is significantly contributing to broad based economic growth. Our support includes the Australian Centre for International Agricultural Research cocoa project (\$1.1 million annually) to improve farming techniques and increase the production and quality of cocoa. This includes supporting the 2017 Bougainville Chocolate Festival which attracted over 5,000 local and international visitors, including farmers, chocolatiers, industry representatives and government officials to share information, network and create new market linkages. As a result, three international chocolate companies, two from Australia and one from New Zealand, are now buying cocoa direct from Bougainville farmers.

Our economic assistance also seeks to build Bougainville's investment climate, tax and revenue capabilities and business environment. We supported the inaugural Bougainville Tax and Revenue Summit in September 2017, which increased the focus on revenue generation by the ABG and provided a set of practical recommendations that could improve the region's fiscal outlook.

Peacebuilding

The Bougainville Peace Building Program (BPBP) continued to strengthen the foundations of peace and stability in Bougainville. Working closely with the ABG, the BPBP helped mediate crisis-era disputes, facilitate reconciliations and bring together government and community leaders to support peacebuilding priorities. We provided training for Bougainville's 13 District Peace and Security Committees (DPSCs) in conflict analysis and reconciliation techniques. One DPSC has since completed two mass reconciliations (over 1,000 people attended), addressing 216 cases involving killing, violence and damage to property. BPBP also facilitated high-profile reconciliations involving ex-combatants and separatist groups.

Empowering women and youth

The mid-term evaluation of Bougainville Pacific Women projects found they have positively influenced government policies and programs (see Gender Equality section for more details). In 2017, 69 women who participated in Pacific Women projects were elected as ward councillors in Bougainville and attributed their confidence and the community's perception of them as leaders to their involvement in the projects. Support for the Bougainville Women's Federation included programs to reduce violence against women, and economic empowerment including through training in financial skills and micro-finance services. To ensure Bougainville youth are engaged in the economy and the community, we supported 15 youth associations to strengthen their delivery of training, career-readiness and sporting programs. The Bougainville Youth Initiative, delivered through five international NGO's, trained over 8,800 people and contributed to 777 youth finding new or additional paid work and 44 youth obtaining positions in local government.



Health, education, law and justice, and transport infrastructure

Our Papua New Guinea-wide programs registered key achievements in Bougainville. The official opening of the Arawa Hospital in June 2018 was a significant milestone. Since its opening, the hospital has doubled its daily operational attendance, admissions, antenatal care and deliveries. Women from remote communities around Arawa, who previously have not had access to maternal care, can now come to the facility to deliver their babies safely.

As part of the Papua New Guinea – Australia Transport Sector Support Program, we maintain 318 kilometres of Bougainville’s 600 kilometre main road network. Works include repairing and resealing an additional 11.6 kilometres of roads in key town centres and economic corridors. The projects employed over 17,000 local residents during construction.

We also completed the major construction package of 18 new double primary schools across Bougainville and five school library buildings. This supports the Government of Papua New Guinea’s education priority to improve literacy and numeracy outcomes of early learners.

Climate change

Papua New Guinea is highly vulnerable to the impacts of climate change, which threatens to slow or reverse many development gains. Around 80 per cent of Papua New Guinea’s population live in rural and remote coastal communities, relying on weather-dependent livelihoods. These communities are exposed to climate-related hazards. Despite their high degree of resilience, many communities have limited mechanisms for coping with more frequent and extreme weather events. Much key national infrastructure is also at risk.

Environmental sustainability and climate change are central issues in Papua New Guinea’s national planning documents – Vision 2050 and the Development Strategic Plan 2010-2030 – with both mitigation and adaptation as areas of focus. Australia’s action on climate change in Papua New Guinea aligns with this, and with our broader strategy and commitments to mitigation and adaptation in our development programs.

Australia provided an estimated \$36.8 million in climate change support to Papua New Guinea in 2017-18. Most of this support was integrated into our broader aid investments, particularly in transport, health and education infrastructure. For example, the Transport Sector Support Program (TSSP Phase 2, \$400 million 2014-20) is supporting the Government of Papua New Guinea to apply climate and disaster risk reduction in engineering, construction and maintenance of climate resilient roads, bridges and wharves. TSSP also enables ongoing upgrades to safety standards and satellite navigation capability across Papua New Guinea, which is critically important given the increased severity of weather events anticipated as a result of climate change.

In May 2018, Papua New Guinea and Australia agreed to the inaugural Climate Change Action Plan, which sets the foundation for practical and long-term collaboration. Under the Plan, Australia will place a Senior Advisor from the Australian Department of the Environment and Energy (DoEE) within Papua New Guinea’s Climate Change and Development Authority (CCDA) from late 2018 to build climate change mitigation, adaptation and resilience capacity. Australia will also support Papua New Guinea to access international and private climate finance opportunities; and improve the capacity of all levels of government to address the impacts of climate change and develop clean energy and climate-proof infrastructure.

Disaster preparedness and response

Minor and major natural disasters such as droughts, volcanos and earthquakes continue to challenge Papua New Guinea’s limited resources and capability to adequately respond to such events while maintaining its development priorities. The country experienced two sudden disasters in 2017-18 – the Kadovar Island volcano in January 2018, and the highlands earthquake in February 2018. On both occasions, Australia responded quickly to the Papua New Guinea Government’s request for assistance.



In the case of Kadovar Island, where the entire population of the island (591 people) were evacuated to a neighbouring island, Australia provided 462 shelter tarpaulins and 800 ten litre water containers to assist the displaced. GeoScience Australia supported the Papua New Guinea Government by monitoring the volcano. Details of our response to the highlands earthquake are provided on page 17.

Papua New Guinea's National Disaster Centre (NDC) is responsible for the development and maintenance of measures to reduce risk to communities and manage the consequences of disasters. Australia continues to support NDC to build its capacity to prepare and respond to these events.

DFAT commissioned an evaluation of responses to the El Nino-induced drought that commenced in 2015, and DFAT's humanitarian team in Port Moresby worked with the UNDP to form a Joint Inter-Agency Needs Assessment Team (NAST) standby arrangement and redeveloped NDC's standard interagency Rapid Needs Assessment Tool.

MUTUAL OBLIGATIONS

Mutual commitments between the Australian and Papua New Guinea governments were negotiated as part of the Aid Partnership, which was signed on 3 March 2016, and was reaffirmed in 2017 and 2018 at the annual Aid Partnership Dialogue. The Aid Partnership period was extended to allow time for a new partnership to be agreed that would take into account the forthcoming Medium Term Development Plan III.

The mutual commitments include: maintain a zero tolerance to fraud; work together to promote gender equality and women's empowerment; address family and sexual violence; increase efforts to address tuberculosis; strengthen public service capabilities through the Pacific Leadership and Governance Precinct; and continue to implement the Joint Understanding. Australia's development assistance is consistent with Papua New Guinea's Constitution and National Goals and Directive Principles. Australia's progress against these commitments, where it relates to program outcomes, is reported above. In accordance with the DFAT *Making Performance Count* framework, Australia's aid program in Papua New Guinea has developed and implemented fraud control and anti-corruption strategies to safeguard Australian development assistance, and help address fraud and corruption risks.

By the time of the 2019 Ministerial Forum, the Governments of Australia and Papua New Guinea will develop new development priorities which will contribute to broader economic and strategic partnership objectives.

PROGRAM QUALITY AND PARTNER PERFORMANCE

In 2017-18, Australia engaged Oxford Policy Management to run the Quality and Technical Advisory Group (QTAG). The QTAG provides advice on the performance of programs under the Australia-Papua New Guinea Governance Partnership and the Law and Justice sector, conducts evaluations and quality assures the work of the programs. The engagement of the QTAG is a significant step in Australia's efforts to improve the quality of governance programs in Papua New Guinea. In May 2018, the QTAG undertook its first annual review of the Australia-Papua New Guinea Governance Partnership. The findings of the review were that overall the performance of programs under the partnership were on track but there were areas requiring improvement. Australia and the Government of Papua New Guinea are working through the recommendations of the review. The QTAG has also undertaken quality assurance tasks on the Institutional Partnerships Program re-design and the PNG Partnership Fund. It has commenced independent evaluations of the Public Sector Leadership Program (the Precinct) and the Law and Justice Program.

The Papua New Guinea development program undertook seven independent evaluations during 2017-18 (it is required to undertake a minimum of five according to the DFAT Evaluation Policy). Completed and ongoing evaluations are at listed at Annex C. Each evaluation was chosen to inform decisions about upcoming investments and to improve the way we work in Papua New Guinea. For example, the recommendations for the El-Nino drought response were used to improve planning and decision-making during the Highlands Earthquake response in February 2018.



The Performance Assessment Framework (PAF) for the program continues to be a work in progress. This year, the program focused on reporting against targets in the current reporting period and setting targets for next year (Annex E). The PAF reflects the strategic direction for development cooperation set out in the DFAT *Aid Investment Plan Papua New Guinea 2015-16 to 2018-19*; agreements between Australia and Papua New Guinea in the *Aid Partnership Arrangements*; and the *Joint Understanding on Further Bilateral Cooperation on Health, Education and Law and Order*. The PAF sets indicators of progress across the three outcome areas: promoting effective governance, enabling economic growth and enhancing human development.

In 2018-19 the PAF will be further refined to reflect the recent and substantive change in the PNG portfolio of investments. A new PAF will be developed in conjunction with the new Aid Investment Plan. The PAF is one part of a broader performance assessment system that includes aggregate development results, investment quality reports, independent evaluations, this APPR, diplomatic reporting, and systematic monitoring and evaluation of each investment. Investment Quality Reporting is undertaken annually to review the performance of contractors, investments, sectors and the overarching program. In 2017-18, the Papua New Guinea program achieved 100 per cent compliance on all quality processes.

Aid Quality Checks

A total of 16 AQC's were completed in early 2018, as part of the annual aid program performance cycle (see Annex D). The AQC's of investments valued at over \$3 million were independently moderated by the Aid Management and Performance Branch's Assistant Secretary, and the AQC of DFAT's Australia-Papua New Guinea Governance Partnership was chaired by DFAT's First Assistant Secretary of the Contracting and Aid Management Division. Involving senior DFAT management in the AQC process ensured the robustness of scores and narratives.

Performance of key delivery partners

Delivery partners largely continue to perform effectively in the challenging operating environment of Papua New Guinea. The majority of Australia's ODA continues to be delivered by commercial contractors, followed by multilateral banks and international organisations. We completed 18 performance assessments of partners with agreements worth more than \$3 million, including 14 with commercial managing contractors, three with multilateral organisations and one non-governmental organisation. Areas for improvement include ensuring programs are delivered in a timely manner, vigilance during implementation phases, and improved recruitment and retention of personnel.

Commercial managing contractors performed effectively, and we will continue to use them where they represent the most effective delivery model and represent the best value for money for Australian taxpayers. In the health, education and transport sectors, Australia has engaged managing contractors to manage service delivery and infrastructure projects, including design and implementation services for the aid program

The World Bank, Asian Development Bank, UNDP, UNICEF and the World Health Organization remain important partners. A significant number of Australia's development investments in Papua New Guinea continue to be delivered by Australian and local NGOs, with the Australian High Commission sponsoring a successful NGO Conference in Port Moresby in October 2017. Australia continues to fund Australian and local NGOs directly and indirectly through managing contractors.



KEY MANAGEMENT ACTIONS

Strategic

- Continue to provide high levels of support for Papua New Guinea's hosting of APEC in 2018.
- Continue to work throughout 2018-19 with the Papua New Guinea Government to leverage greater international financing to deliver on its economic, security, infrastructure and social priorities.
- Negotiate a new set of development priorities in 2018-19 with the Papua New Guinea Government which will contribute to broader bilateral economic/strategic partnership objectives.
- Produce a new Aid Investment Plan in 2018-19 and accompanying Performance Assessment Framework that will drive program alignment with new partnership priorities.
- Agree a more strategic and coherent approach in 2018-19 to engaging sub-nationally across Australia's portfolio of investments in Papua New Guinea.
- Revise the Papua New Guinea Gender Action Plan in 2018-19 to ensure it can be used as a strategic tool for driving improvements in gender equality across the program.
- Work with the Papua New Guinea and Autonomous Bougainville governments and community groups in 2018-19 to provide consistent and impartial support in the lead up to the referendum.
- Work with the Australian Federal Police to shape a post-APEC Australia-PNG policing partnership in 2018-19, including achieving greater integration of policing support with assistance to the broader law and justice sector.
- Implement the new Health Portfolio Plan in 2018-19.
- Design a new mechanism to support DFAT's delivery of the Education and Leadership portfolio and additional investment in monitoring and evaluation in 2018-19.
- Outline DFAT's future priorities for work on climate change in Papua New Guinea in a Climate Change Portfolio Plan to be completed in early 2018-19.

Operational

- Transition ongoing programs under the new health and education portfolio structures and tender and implement new programs in 2018-19.
- Transition the new TSSP managing contractor to ensure the continuing effectiveness of TSSP in 2018-19.
- Implement actions to address identified performance issues in the Institutional Partnership Program and the PNG Education Program in 2018-19.
- Implement agreed recommendations from the QTAG's reviews of the PNG-Australia Governance Partnership, the Pacific Leadership and Governance Precinct and the law and justice program in 2018-19.

A summary of progress on management responses from 2016-17 is in the table in Annex A.

RISKS

Program's Progress towards Australia's Aid Objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	Risk Rating (low, medium, high, very high)	Are these same risks in in Post's Risk Register?
The bilateral relationship deteriorates, impacting our ability to deliver the aid program.	We have invested in consistent, strong communication with the PNG Government.	We will continue to build strong relationships with key Papua New Guinea Government counterparts, including new Ministers elected at the 2017 elections, to deliver an effective, efficient and resilient aid program.	Medium	Yes
Fraud, corruption and other non-compliance with DFAT policies so that program outcomes are put at risk.	Ongoing monitoring of due diligence (fraud, child protection), gender, disability and other policies.	We will improve oversight of compliance through more structured monitoring visits and reporting. We will track risk registers, and have instituted an internal audit panel.	Medium	Yes
Staff capacity and expertise decreases, jeopardising the effective delivery of the program.	We invested in recruitment, short term missions, training, communication, coordination, and teamwork, including more effective desk-post engagement.	We will continue to work together with Canberra and review training requirements.	Medium	Yes
A natural disaster impacts on our ability to deliver on our investments.	Our investments take into account and actively manage for Papua New Guinea's vulnerability to natural disasters.	Individual plans will continue to be reviewed, including externally, and updated as appropriate.	Medium	Yes
Failure or perceived failure to deliver on our aid investments, undermining program delivery and leading to a loss of Australia's reputation	We developed sector investment plans and delivery strategies to guide our investments and increased the number of internal evaluations and audits.	We will continue to establish Performance Assessment Frameworks, improve monitoring, conduct regular evaluations and risk discussions, and pay particular attention to higher risk investments.	High	Yes
Agreed policy and budget commitments by PNG Government are not met	The Aid Partnership Arrangement and Aid Investment Plan outline mutual obligations and is reviewed annually with the PNG Government (most recently reviewed in March 2018)	We will continue to build strong relationships with key PNG Government counterparts to deliver an effective, efficient and resilient aid program.	High	No

The overall risk profile for the program has not changed considerably over the last twelve months

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management actions identified in 2016-17 APPR	Rating	Progress made in 2017-18
Finalise Sector Investment Plans for health and education to guide investments and measure results against both development outcomes and broader relationship objectives.	Achieved	Sector Investment Plans for health and education were completed. They will guide investments and measure development outcomes and broader relationship objectives.
Review the program-wide Performance Assessment Framework after its first year of operation to assess its effectiveness in measuring development outcomes and broader objectives and to set new multi-year benchmarks.	Achieved	Australia reviewed the PAF in 2018 and made substantial changes to improve the way the performance of the aid program is reported.
Ensure independent and internal evaluations and audits are conducted and published to enable better judgements of the effectiveness and value for money of activities and partners.	Achieved	5 independent and 7 internal evaluations and audits were completed in 2017-18. The 5 independent evaluations were published on the DFAT website.
Negotiate a new partnership with the Papua New Guinea Government to better align programs with economic and strategic objectives.	Partly Achieved	The existing partnership was extended by one year as both Governments felt they did not have capacity to develop a new partnership in APEC year. A new partnership will be negotiated in 2018-19.
Work with the Papua New Guinea Government to leverage greater financing to deliver on its economic, security, infrastructure and social priorities, and to continue to explore opportunities to work in cooperation with other partners to achieve these objectives.	Partly Achieved	We are continuing to work with the Government of Papua New Guinea to leverage financing. We hope to have solid results in the next financial year.
Australia will formalise its engagement with Papua New Guinea on climate change by incorporating it into the development of the new partnership and planning documents. DFAT will also be guided by the results of the climate stocktake and associated integration plan that enables program managers to identify, track and report on climate change outcomes and activities in their sectors.	Achieved	The Australia-PNG Climate Change Action Plan was signed by relevant Ministers from both Australian and PNG Governments in May 2018, and implementation of the Plan has commenced.
Australia and the PGF managing contractor will focus on improving governance program delivery, developing and implementing new governance programs and integration of gender in all governance program activities. A Quality Technical Advisory Group (QTAG) to provide independent performance and quality review of the PGF's programs will be established and begin operations in early 2018.	Achieved	The QTAG was established in early 2018. Major improvements in governance program delivery have been achieved this financial year.
The gender program will review the effectiveness of the Gender Action Plan (GAP) and associated guidance to staff, to ensure they are fit for purpose to guide aid investment planning. In light of the reduction in gender team staffing, the program will take steps to ensure sufficient resources are allocated to implement and monitor the Gender Action Plan and achieve Australia's gender objectives, including by recruiting a Gender Adviser and ensuring that the Multi-Agency Working Group on Gender led by the Minister Counsellors continues to provide senior leadership of this agenda.	Achieved	In February 2018 we recruited a Gender Adviser to assist with the gender policy and program work, including the GAP. Our recent review of the GAP found it needed to be streamlined to make it more useful to sector programs, which has been actioned by the Gender Adviser. The Gender Adviser has met with all members of the Multi-Agency Working Group on Gender and Minister Counsellors to ensure stakeholder and senior leadership support the gender program.

The education program will develop a new Australia Awards Papua New Guinea monitoring and evaluation framework to address issues including how the program will deal with gender barriers and align with the global Australia Awards monitoring and evaluation framework.

Achieved

The education program updated the Australia Awards Papua New Guinea monitoring and evaluation framework (including new criteria to address gender). It now aligns with the global Australia Awards monitoring and evaluation framework.

On disaster preparedness and response, Australia will continue to maintain contingency funding in its bilateral and humanitarian budgets for possible disasters and will continue to assist Papua New Guinea to monitor disaster risks

Achieved

The contingency reserve funding has been maintained, and the High Commission drew on these funds to enable a rapid and substantial humanitarian response to both the Kadovar volcanic eruption and the Highlands earthquake in early 2018.

The transport program will negotiate with the Papua New Guinea Government the recommendations of an evaluation of the TSSP by the Office of Development Effectiveness (ODE), and publish a management response to the recommendations.

Achieved

The transport program negotiated with the Papua New Guinea Government to respond to the recommendations of the TSSP evaluation by ODE, and published a management response.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

ANNEX B – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2017-18

Aid objective	Performance Benchmark	Target	Rating	Progress in 2017-18	Target for 2018-19
Promoting Effective Governance					
1.1: Improved services delivered by the public sector	Number of women and men in the public service trained in core skills* (PAF Indicator 1)	11,212	Achieved	14,122 (women 6,283, men 7,839)	13,979
1.2: Improved law and justice services	Number of survivors of violence receiving services, such as counselling** (PAF Indicator 15)	Women: 16,000 Males: 500 Total: 16,500	Achieved	19,387	Unavailable at time of reporting
	Number of police and law and justice officials trained (PAF Indicator 1)	Women: 1,135 Men: 3,040 Total: 4,175	Partially achieved	Women: 936 Men: 1,813 Total: 2,749	5,200
Enabling economic growth					
2.1: Private sector plays a greater role in economic development	Increase to 30% of the aid program focused on private sector led growth and aid for trade***	30%	Achieved	33%	30% TBC
	Number of poor women and men who increase their access to financial services (PAF Indicator 9)	Women: 16,000 Men: 24,000 Total: 40,000	Achieved	59,217 (women 30,912, men 28,305)	34,536
2.2: Improved road infrastructure increasingly connects producers with consumers	Targeted investments contribute to sustained improvements in the national road network. (Assessed by kilometres of roads that are subject to design/routine maintenance / periodic maintenance and rehabilitation) (PAF Indicator 6)	Distance (km) of roads that are subject to routine maintenance / periodic maintenance and rehabilitation: 1000km	Achieved	1,981 km	2000 km

Enhancing human development

3.1: Improved infrastructure provides access to education	Number of school buildings constructed, maintained, refurbished or rehabilitated (PAF Indicator 11)	78	Partly Achieved	66	98
3.2: The quality of key services and access to education are improved	Number of additional girls and boys enrolled in school	100,000	Partly Achieved	97,147	100,000
3.3: The quality of key services in health and HIV/AIDS are improved	Number of additional births attended by a skilled birth attendant	9,500	N/A	Data not available at time of reporting	9,500

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

*Excludes number of police and law and justice officials trained.

**These benchmarks reflect results from Australia’s programs across Papua New Guinea, including in the Autonomous Region of Bougainville.

***This performance benchmark captures not only our aid for trade investments but also our investments in private sector led growth, such as support to the Asia Pacific Technical College-Papua New Guinea.

****DFAT aggregate development result, based on a pro-rata assessment of Australia’s financial contribution to the health sector in Papua New Guinea.

ANNEX C- EVALUATIONS

List of program prioritised evaluations conducted in 2017-18

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date completed/planned for completion (month/year)	Purpose of evaluation	Evaluation type
Australian Transport Sector Support Program Phase 2	INK081	December 2016	December 2017	The evaluation aims to improve the performance of the roads program, which focuses on building a safe, reliable transport system.	Mid-term review
Bougainville Youth Program	INL541	July 2017	December 2017	The evaluation will review the success and improve the performance of Australia's support for youth programs for the Autonomous Bougainville Government.	Independent evaluation
Australian response to El Nino in Papua New Guinea	INL847	June 2017	November 2017	The evaluation examined Australia's response to El Nino in Papua New Guinea to inform future humanitarian efforts.	End of program assessment
Papua New Guinea Health and HIV Multilateral Partnerships	INJ858	October 2017	December 2017	The evaluation reviewed the success of Australia's \$68.5m support to multilateral organisations working to improve health outcomes in Papua New Guinea.	Mid-term review
Pacific Women Shaping Pacific Development, including Papua New Guinea bilateral funding	INL847	December 2016	October 2017	The evaluation reviewed the achievements and challenges of the \$58m Papua New Guinea component of this investment.	Mid-term review
Australia's support for Papua New Guinea's 2017 national election	INJ466	May 2018	August 2018	Review lessons learnt to inform future support.	Mid-term review
Youth with a Mission (YWAM) program evaluation		March 2018	August 2018	Review lessons learnt to inform future support.	End of program assessment

Precinct		June 2018	December 2018	Strategic review of progress and to help inform future directions.	Mid-term review
Oro Bridges impact assessment		December 2017	September 2018	Determine the impact that the building of bridges in Oro provinces has had on local communities and the economy of the area.	Impact evaluation
Education budget support program		February 2018	September 2018	Review to determine whether the budget support program achieved its intended outcomes and what impact it had on the education sector.	Mid-term review

Supporting Electoral Process in PNG	\$30m	2018 AQC	4	5	5	4	4	4
	2011-18	2017 AQC	5	5	6	4	4	4
PNG Governance Facility	\$390m	2018 AQC	4	4	4	3	4	4
	2014-20	2017 AQC	3	3	5	3	3	4
PNG Microfinance Expansion Project	\$6.9m	2018 AQC	4	4	5	5	4	4
	2010-2019	2017 AQC	6	6	6	6	6	5
Gender Equality / Gender Based Violence	\$60m	2018 AQC	5	5	6	5	5	5
	2008-20	2017 AQC	5	5	6	5	5	6
Sports for Development	\$10m	2018 AQC	4	4	5	5	3	5
	2015-18	2017 AQC	4	3	5	5	4	5
Bougainville Programming	\$19m	2018 AQC	4	5	4	4	4	3
	2014-20	2017 AQC	4	4	5	4	3	4
Kokoda Track Initiative	\$41.8	2018 AQC	4	4	5	3	3	3
	2008-20	2017 AQC	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt
Institutional Partnership Program	\$80.1m	2018 AQC	3	3	4	2	2	3
	2017-20	2017 AQC	N/A	N/A	N/A	N/A	N/A	N/A

ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

Performance Assessment Framework for Australian Development Cooperation in Papua New Guinea 2017-18			
Objective/indicator	2016-17	2017-18	2018-19 (target)
Objective 1: Promoting effective governance.			
Sub-objective: Developing public sector leadership			
1. Number of women and men trained and engaged by Papua New Guinea in positions where they can practice new knowledge and skills	14,990	17,101 Target was 11,212 (women 7,727, men 9,374)	13,979
2. Number of women and men graduating from courses delivered by the Pacific Leadership and Governance Precinct	466	784 Target was 503 (women 271, men 513)	560
Sub-objective: Integrating partnerships to improve access to services			
3. Number of partnerships	103	131 Target was 132	134
4. Number of women, men and youth using improved services provided by civil society, private sector partners or sub-national governments	254,345	430,946 Target was 269,013 (women 210,789 men 219,753)	411,463
Sub-objective: Effective law and justice system			
5. Number of women and men with greater awareness of legal rights and responsibilities ⁵	25,400	25,373 Target was 25,400 (women 17,744 men 7,629)	25,000
Strategic Objective 2: Enabling economic growth			
Sub-objective: Well-maintained economic and social infrastructure			
6. Length of Papua New Guinea priority roads maintained	760.3 km ⁶	1,981 km	1,500 km
Sub-objective: Catalyse inclusive economic growth			
7. Value of private sector investment leveraged (AUD)	\$4,000,000	\$4,380,151	\$4,000,000
8. Value of development investment attracted to PNG facilitated by or value-added to by Australia (AUD)	\$7,185,098	\$146,663,452 Target was \$42,000,000	\$67,000,000
9. Number of women & men with better access to financial services	46,000	59,217 (women 30,912, men 28,305)	34,536
10. Number of women and men with better access to markets	324,459	964,470 (women 498,285, men 498,185)	1,015,159

⁵ Indicator changed from *Number of women and men and youth with improved access to justice services* reported in 2016-17 APPR.

⁶ Kilometres of road maintained in 2016-17 was lower due to the Transport Program focusing on completing larger projects including the Oro Bridges project.

Strategic Objective 3: Enhancing human development			
Sub-objective: More effective education service delivery system			
11. Number of school buildings constructed, maintained, refurbished or rehabilitated	119 ⁷	Total: 66 Target was 78	98
12. Number of women and men (by province) graduating from Australia Awards, APTC and Fellowships	791 (2016)	839 (398 women and 441 men)	575
Sub-objective: More effective health security systems and health services			
13. Couple years protection in Eastern Highlands, Bougainville, Morobe and National Capital District	104,000	104,157 Target was 160,000	200,000
14. Percentage of tuberculosis patients in Western Province retained in treatment	99%	99% (Target was 85%)	85%
Sub-objective: Gender equality and women's empowerment			
15. Number of women and girls who have accessed crisis support services and family and sexual violence centres	2,026	19,387 (Target was 16,500)	*
16. Number of women trained or mentored and engaged by Papua New Guinea in positions to influence decision-making, including through candidacy in elections and at the local government level	378	623	60 ⁸
17. Aid effectiveness - DFAT delivers effective programs in Papua New Guinea	Development of the Performance Assessment Framework for the Aid Investment Plan 2015-2019.	Planning underway for new Aid Investment Plan and accompanying PAF	New Aid Investment Plan and Performance Assessment Framework agreed.
Shared Development Objective to 2017-18: Economic and strategic partnership that contributes to sustained and inclusive economic growth in Papua New Guinea Broader Partnership Indicators*			
18. Number of women and men travelling between Australia and Papua New Guinea (by class of visa)	52,000 Papua New Guinean arrivals in Australia (short term movements), 2016 102,400 Australian departures for Papua New Guinea (short term movements), 2016	40,368 Papua New Guinean arrivals in Australia (short term movements) 76,095 Australian departures for Papua New Guinea (short term movements)	
19. Number of women and men Australian tourists travelling to Papua New Guinea	24,677 Australian visitors (holiday) to Papua New Guinea in 2016	Figure unavailable at time of reporting	
20. Value of trade between Australia and Papua New Guinea (as goods, services)	\$5.3 billion in 2016	\$5.9 billion in 2017	
21. Number of Australian companies doing business in Papua New Guinea, and number of transactions	4,605 exporters making 159,079 transactions	4,466 exporters making 158,148 transactions	

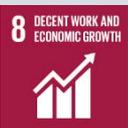
⁷ 2016 was the final year of implementation of the *Health and Education Procurement Facility*. Since 2017, schools have been constructed through the Bougainville, Church Partnerships and Incentive Fund programs

⁸ Target is for the Bougainville program only. Excludes target for the Gender program which is unavailable at time of reporting.

*Target unavailable at time of reporting.

22. Foreign Investment Stock	\$18 billion in 2016	\$16.3 billion in 2017	
23. Number of institutional partnerships	16	13	
24. Number of twinning/short term arrangements	3	5	

APPENDIX 1: 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT INFOGRAPHICS

 <p>1 NO POVERTY</p>	End poverty in all its forms everywhere	 <p>10 REDUCED INEQUALITIES</p>	Reduce inequality within and among countries
 <p>2 ZERO HUNGER</p>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	Make cities and human settlements inclusive, safe, resilient and sustainable
 <p>3 GOOD HEALTH AND WELL-BEING</p>	Ensure healthy lives and promote well-being at all ages	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	Ensure sustainable consumption and production patterns
 <p>4 QUALITY EDUCATION</p>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	 <p>13 CLIMATE ACTION</p>	Take urgent action to combat climate change and its impacts
 <p>5 GENDER EQUALITY</p>	Achieve gender equality and empower all women and girls	 <p>14 LIFE BELOW WATER</p>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
 <p>6 CLEAN WATER AND SANITATION</p>	Ensure availability and sustainability management of water and sanitation for all	 <p>15 LIFE ON LAND</p>	Protect, restore and promote sustainable use of terrestrial ecosystems
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	Ensure access to affordable, reliable sustainable and modern energy for all	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	Promote peaceful and inclusive societies for sustainable development and provide access to justice for all
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	Promote sustained, inclusive and sustainable economic growth, full and productive employment	 <p>17 PARTNERSHIPS FOR THE GOALS</p>	Strengthen the means of implementation and revitalise the global partnership for sustainable development
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Build resilient infrastructure, promote inclusive and sustainable Industrialisation and foster innovation		