



Australian Government
Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2018-19

Papua New Guinea

September 2019



PAPUA NEW GUINEA AID PROGRAM PERFORMANCE INFORMATION 2018-19

KEY MESSAGES

Papua New Guinea is a close neighbour and friend. The importance of a stable and prosperous Papua New Guinea is articulated in Australia's Foreign Policy White Paper. The Pacific Step-up announced by Prime Minister Morrison in November 2018 emphasises the importance of Papua New Guinea to Australia.

The past year has been significant for Australia's relationship with Papua New Guinea in the development sphere. Australia's assistance supported Papua New Guinea's successful hosting of Asia-Pacific Economic Cooperation (APEC) meeting in November 2018. Activities associated with the Pacific Step-up continue to be rolled out and complement our existing development program. Increasing ministerial and senior officials' visits have occurred strengthening relationships and progressing key initiatives. These developments and others have intensified the strength, depth and pace of our relationship with Papua New Guinea.

This report summarises the performance of Australia's development program to Papua New Guinea from July 2018 to June 2019 against the Papua New Guinea Aid Investment Plan 2015-2019 (AIP). Under the AIP, Australia focussed on three development objectives: Promoting Effective Governance; Enabling Economic Growth; and Enhancing Human Development.

In 2018-19, progress has largely met expectations in the Enabling Economic Growth objective which is rated green (on track), with most performance milestones being achieved. Both Promoting Effective Governance and Enhancing Human Development are rated amber as progress is less than expected. While these two objectives have improved over the previous 12 months, due to slow progress in previous years and continuing difficulties with some investments, there is insufficient justification and evidence to rate them green in 2018-19.

Promoting Effective Governance

Papua New Guinea's governance environment remains challenging. Long-term governance assessments suggest that the credibility of national policy-making and the effectiveness of the public service are holding steady or modestly improving in most areas. An exception is law and order which appears to be deteriorating. In addition, Papua New Guinea's civil society sector is still building its capacity to support good policy-making.

The effectiveness of the state is most challenged at the subnational level where capacity remains weak. The Government of Papua New Guinea still needs to reach an agreed approach on decentralisation: one that achieves efficiencies and economies of scale in service delivery and balances the interests of provinces and districts.

Australia is supporting governance improvements at national and subnational levels. While we are contributing to improvements, three key lessons have emerged which suggest a refinement of our approach is possible. These are that in some sectors we are focused on engaging with formal government agencies and not working sufficiently with others to encourage reform; we are too dependent on capacity building through traditional technical assistance and training modalities; and we can increase support for progressive reformers at national and subnational levels.

We have contributed to notable outcomes in governance during 2018-19. Our law and justice investment is improving community safety and security, supporting victims of family and sexual violence, strengthening legal services and helping fight corruption. Australia has supported the construction of 25 specialist police Family and Sexual Violence Units around Papua New Guinea, enabling over 55,000 survivors of violence to access support. The long-standing Church Partnership Program continued to deliver services in 2018-19 including livelihoods training to almost 18,000 people and literacy training to more than 4,600 adults.



Enabling Economic Growth

Australia's economic growth programs support Papua New Guinea to build a stronger, more diversified economy and reduce poverty. This objective is rated green (on track) as key benchmarks for the Economic Governance and Inclusive Growth Partnership, Transport Sector Support Program and Incentive Fund were delivered in line with expectations.

In 2018-19, Australia helped the Government of Papua New Guinea to secure USD1.1 billion in international finance from the Asian Development Bank and World Bank, and to launch Papua New Guinea's inaugural sovereign bond. The new loans and sovereign bond are predicted to save the government up to US\$1.4 billion over the lifetime of the loans compared to borrowing similar amounts through domestic markets. Our technical assistance supported the Government to meet the commitments required of multilateral banks and bond investors.

We also supported improvements to government procurement systems, which will reduce corruption and improve service delivery. We helped maintain and reconstruct over 1,700 kilometres of roads, supporting our long-term goal of a safe, reliable transport system that enables economic and social dividends in Papua New Guinea. In the past year, we began the Coral Sea Cable project, which will deliver data capacity of 20 terabits per second (or 800 times more than the existing capacity) to Papua New Guinea by the end of 2019.

Enhancing Human Development

Improving service delivery outcomes in Papua New Guinea remains challenging. High rates of population growth and urbanisation are outstripping the ability of government systems to keep pace. The cost of service delivery across Papua New Guinea's difficult terrain are high. Those costs increase through corruption and weak management. Papua New Guinea's broader fiscal situation means that financing gaps remain. Papua New Guinea's health budget is around \$50 per capita, or 100 times less than Australia's. Estimates suggest that Papua New Guinea needs an additional \$1 billion each year through to 2030 to invest in basic education to lift learning outcomes. In both health and education, this level of resourcing is beyond the reach of Papua New Guinea and its international partners.

Finance is not the only constraint. Issues such as insufficient and poorly trained workforces, inadequate systems for public financial management, insufficient and deteriorating roads and social infrastructure, fragmented governance and financing structures, inefficient procurement and logistics systems, gender inequality, and poor nutrition and stunting all contribute to Papua New Guinea's human development outcomes being difficult to improve.

Nonetheless, progress has been made. Under-five mortality has fallen. Recent international assessments suggest numeracy is improving though literacy continues to lag. Our support is making a positive contribution. Functional grants through some provincial health authorities are now flowing. While the outbreak of polio in June 2018 and the ongoing challenges of multi-drug resistant tuberculosis indicates health system weakness, Australia played a pivotal role in supporting Papua New Guinea's response to the outbreak. We helped vaccinate over 3.3 million children for polio, helping to interrupt the spread of the disease. The response is now strengthening the overall system, and demonstrates that with sufficient financing and oversight the system can work effectively. We have supported higher education reforms including the establishment of a National Skills Development Agency, which will engage industry, the education sector, investors, training providers and employers to ensure a coordinated Technical and Vocational Education and Training (TVET) sector that meets Papua New Guinea and international standards.



CONTEXT

Australia and Papua New Guinea are strong partners of strategic importance to one another. We have shared history, values, extensive people-to-people ties, and a commitment to a secure and prosperous Indo-Pacific region.

Papua New Guinea's economic outlook is conditional on securing major new resource projects. After ten years of resource-led growth, Papua New Guinea's Treasury estimates the economy contracted by 0.6 per cent in 2018 due to disrupted mining and energy operations caused by a major earthquake in February 2018. The economy is expected to rebound in 2019, with growth projected at 4.4 per cent.

Australia is the largest development donor to Papua New Guinea, providing total Official Development Assistance (ODA) of \$578 million in 2018-19. Australia's ODA represents eight per cent of Papua New Guinea's national budget - a small fraction of the estimated financial resources needed for Papua New Guinea to achieve its Vision 2050 or Medium Term Development Plan III ambitions.

Papua New Guinea hosted APEC in November 2018 and Australia provided significant support in the lead up to and during the event. Prime Minister Morrison joined Papua New Guinea, Japan, New Zealand and the United States at the event to announce the Electrification Partnership, which aims to see 70 per cent of Papua New Guinea's citizens with access to electricity by 2030.

As APEC ended, the pace of engagement between Australia and Papua New Guinea continued to grow through the implementation of Pacific Step-up activities in infrastructure, media, sport, people-to-people links, cooperation between churches, labour mobility and secondary schools. Visits of ministers and senior officials in both directions rose to new heights reflecting an intensification of the bilateral relationship.

Staff at Post and Desk continued to deliver Australia's largest development program to a high standard. For example, where two programs were rated as requiring improvement in 2017-18's Investment Quality Reporting period, both were successfully remediated during the 2018-19 period.

A change of Prime Minister late in the reporting period has implications for the priorities of our development program going forward. Prime Minister Marape appointed a new Minister for Foreign Affairs and Trade, and subsequently a new Minister for National Planning and Monitoring, who are our key interlocutors on development issues.

The strength of the bilateral relationship was emphasised during the Annual Leaders' Dialogue in July 2019 when the Prime Ministers of both countries agreed to progress a Comprehensive Strategic and Economic Partnership (CSEP). The Partnership will centre on six pillars: strong democracies for a stable future; close friends, enduring ties; an economic partnership for prosperity; strategic cooperation for security and stability; social and human development; and near neighbours, global partners. Development cooperation will support economic and strategic objectives under the CSEP

EXPENDITURE

Table 1 Total ODA Expenditure in FY 2018-19

Objective	A\$ million	% of total ODA
Promoting Effective Governance	\$156.6	27%
Enabling Economic Growth	\$152.4	26%
Enhancing Human Development	\$188.5	33%
Other	\$7.8	0.01%
Sub-Total Bilateral	\$505.3	87%
Regional and Global	\$45.2	8%
Other Government Departments	\$27.5	5%
Total ODA Expenditure	\$578.0m	100%

PROGRESS TOWARDS AIP 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
Promoting Effective Governance	Amber	Amber
Enabling Economic Growth	Green	Green
Enhancing Human Development	Amber	Amber

Note:

■ 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 (\$156.6 million)



This objective includes investments in decentralisation; public sector reform; electoral process; citizen participation; and law and justice. Additional governance investments in macroeconomic reform, public financial management and in public sector leadership are discussed in the subsequent sections. This objective is rated ‘amber’, as progress is somewhat less than expected at this stage of implementation. This can be attributed to delays implementing the World Bank Rural Service Delivery Project and subnational program support in selected districts and provinces. Closer performance monitoring has been implemented in 2018-19 and key benchmarks have been set for all investments.

Papua New Guinea continues to face a range of ongoing governance challenges, including complex subnational governance framework, accountability and capacity limitations within the public service, low service delivery outcomes, deteriorating rule of law and corruption. While the challenges are profound they are, with the possible exception of law and order, on par with comparable countries at similar levels of development.

Under the **Papua New Guinea-Australia Governance Partnership**, governments have agreed to work together on mutual priorities, to contribute to a safe, secure and prosperous Papua New Guinea. Agreed priorities align with and respond to Papua New Guinea's Alotau Accord II, the Medium Term Development Plan III, and the economic and human development aspirations in Papua New Guinea's *Vision 2050* and associated policies.

A Quality Technical Assurance Group (QTAG) carried out the first independent annual performance review of the Partnership in 2018. The QTAG assessment found that Partnership performance had improved following remediation actions taken in 2017-18 and endorsed the overarching facility approach. Progress implementing the key QTAG recommendations are on track.

National Governance

The Institutional Partnership Program (IPP) continues the long history of government-to-government linkages between Australia and Papua New Guinea. IPP funds capacity development activities for the **public sector** in Papua New Guinea through partnerships between 11 Australian Government Agencies (AGEs) and 20 Papua New Guinean government agencies. The program has the key pillars of law and justice; transport and infrastructure; public sector leadership, policy and corporate reform; and economic governance. Capacity development activities are aligned to partner agency needs for support through the exchange of technical skills, policy development, strategic advice, human resource development, public sector leadership and management.

In 2018-19, IPP was reformed with an independent QTAG evaluation finding that implementation is on the right trajectory, with evidence of valuable achievements at the individual partnership level. IPP is still exclusively focused on facilitating linkages with Australian federal government agencies. In the future there is potential to explore linkages with state government agencies, particularly Queensland.

Subnational Governance

Subnational governance is a highly contested space at the heart of the Papua New Guinea political environment. It is characterised by conflicting responsibilities between different levels of government, intense political competition for resources, complex relations between districts and provinces, and pervasive service delivery underperformance to citizens.



Over 80 per cent of Papua New Guinea's population lives in rural areas. Corridors of investment and economic opportunity are increasingly evident. The country's future prosperity will largely be determined by how economic development progresses outside Port Moresby.

Australia's subnational governance program leverages our political, defence, policing, immigration and development assets. Central to this approach will be a greater focus on identifying and working with progressive reformers committed to the inclusive development of Papua New Guinea. A new subnational strategy will be developed in the coming year to progress this objective.

Decentralisation and Citizen Participation (DCP) programming is working to strengthen subnational systems and institutions in support of the Government of Papua New Guinea's decentralisation agenda, which prioritises improved service delivery and economic opportunity in provinces and districts.

At the national level, DCP successfully **supported national policies and systems** that address service delivery and economic development. Australian technical assistance to the Department of Provincial and Local Government Affairs (DPLGA) supported a new decentralisation policy on performance-based power sharing between the national and provincial governments. DPLGA was subsequently allocated PGK50m in the 2019 Papua New Guinea Budget to implement a new District Town Improvement program that was designed with Australian assistance. Concurrently, the National Economic and Fiscal Commission (NEFC) was supported to undertake a study on the functional and finance arrangements for a performance-based power sharing system in East New Britain.

DCP also supported the Department for Community Development and Religion to revise its Policy for Integrated Community Development, a policy underpinning the delivery of social services sub-nationally. We continue to support consultations on the draft National Disability Authority Bill, with expectation of passage of new legislation in the coming year.

In the next year, we will build off our existing relationships with the NEFC, Departments of Treasury and Finance (articulated in Objective Two) to expand our policy engagement related to subnational financial accountability and transparency.

At the **subnational** level DCP supports activities in five districts (Mul Baiyer-Lumusa, Nuku, Nawaeb, Talasea, and Manus) and has established new provincial partnerships in Enga, East Sepik and Morobe. Our support is delivered through subnational advisers to improve governance at the local level using co-funded development projects as an incentive for reform. These local governance reform experiences influence the behaviour of other local government units and national policy and implementation.

In 2018-19, the program supported the establishment of a Women's Resource Centre in Nuku, bringing local political, administration and community leaders together through dialogue, facilitation, training and equipment to enhance local governance and development, along with the empowerment of women. This project has built a model demonstrating a sustainable approach to engaging women in governance processes that will inform similar efforts for other local government units and the national level District Town Improvement program.

A number of subnational projects are behind schedule due to delays receiving approval from Government of Papua New Guinea counterparts and challenges delivering infrastructure projects in remote areas. Enhanced project management capabilities and streamlined approval processes have been instituted for the coming year.

The World Bank implemented and Australian co-funded the **Rural Service Delivery Project (RSDP)** to support communities by providing small scale development grants to improve essential rural services and infrastructure. This work includes upgrades to schools, health centres, community water and sanitation supplies, as well as improvements to access roads, footbridges, jetties and solar power systems. RSDP implementation is off-track due to unanticipated operational requirements by Government of Papua New Guinea counterpart agencies and difficulties in assembling and training the program community development team. However, these issues have been addressed and implementation is expected to begin in the coming year.



The **Kokoda Initiative** began in 2008 through a Joint Agreement between the Governments of Papua New Guinea and Australia to protect, manage and preserve the Kokoda Track and Owen Stanley Range region and to improve the livelihoods of communities along the Track. The investment is designed to ensure the Kokoda Track is open, safe and well managed and remains accessible to trekkers. In 2018-19, we supported the Government of Papua New Guinea to commission an independent review of the Kokoda Track Authority's governance, accountability and responsibilities. Once considered by Government, we will support implementing the recommendations.

Most Kokoda Initiative projects demonstrated results in line with expectations, with some projects exceeding expectations. A notable achievement in 2018-19 has been improvements to gender equity and social inclusion (GESI). In 2018-19, the Kokoda Initiative developed a GESI Action Plan. The Seif Meri Mun menstrual hygiene management program saw more than 500 menstrual hygiene kits produced by two local women's sewing groups. The women were taught sewing skills and paid to produce the kits, which were distributed free of charge to women and girls across the track. The majority of participants were village health volunteers (respected junior health positions within the community) who had received training from Marie Stopes International to strengthen their skills.

The **Building Resilience in Treaty Villages** (BRTV) program, focussed on the South Fly District, builds capacity through community development planning to prepare plans responding to community needs, and link villages and wards to all levels of Government in Western Province. BRTV has strengthened the capacity of 110 (76 male and 34 female) community rangers across 13 Treaty Villages through practical skills and leadership training resulting in community-led small-scale infrastructure. Both women and men are involved and the project employs ten people with disabilities.

Citizen Engagement and Democratic Accountability

Our governance investments address supply side issues focussed on national policy reform, civil service capacity and subnational service delivery. However, we need to rebalance our support by increasing demand side investments leveraging nascent calls from the private sector, civil society and the middle class for increased accountability and transparency from governments.

In the year ahead, we will refine existing investments and identify new strategic entry points for Australian development assistance to strengthen state-society relationships and enhance accountability between Papua New Guineans and their governments.

The long-standing **Church Partnership Program** has yielded good results through increased inter-church cooperation on gender equality, disaster response and risk reduction, restorative justice, adult literacy, disability inclusion and child protection. Connections are being built between the Church Partnership Program and the Government of Papua New Guinea's Church State Partnership Program. A 2019 independent mid-term review found the Church Partnership Program to be an impressive initiative, which capitalises on the unique role of the churches in Papua New Guinea, including the provision of core services like health and education.

A key success in 2018-19 was the development and implementation of Gender Equality Theology training for pastors and church educators. In practice, this will result in behaviour change through sermons, church activities and lay teaching. The Church Partnership Program continued to deliver improved service delivery outputs shown by 2018 results that included 17,953 people receiving livelihood training, 7,091 people benefiting from gender and social inclusion courses and 4,690 people receiving adult literacy training.

The **Media Development Initiative**, delivered by the Australian Broadcasting Corporation, is working towards the objective of enabling citizens to effectively express their views. Achievements this year included holding five National Broadcasting Corporation (NBC) press club events and associated background briefings, producing a women-in-media report and supporting the launch of a nightly NBC TV current affairs program.

An independent evaluation of Australia's **electoral assistance** to Papua New Guinea from 2015-17 was completed in June 2018 with the management response published in September 2018. The evaluation found



that there were significant challenges in supporting well-managed elections in Papua New Guinea, but that our support was reasonable under challenging circumstances. The evaluation will inform the design of Australia's future electoral assistance. We are currently designing our future program of electoral support, which is expected to be in place by mid-2020. In the meantime, our current program is focused on assisting the Papua New Guinea Electoral Commission (PNGEC) implement its reform-oriented *Corporate Plan 2018-2022* and respond to a major government review of Papua New Guinea's *Organic Law on National and Local-level Government Elections*. Key implementing partners for our electoral support are the International Foundation for Electoral Systems and the Australian Electoral Commission, which has a twinning relationship with the PNGEC.

Law and Justice

Australia is committed to remaining Papua New Guinea's principal security partner and building capacity in policing and law and justice. Australia's law and justice sector support is provided through three inter-related pillars: the DFAT-managed Justice Services and Stability for Development (JSS4D) program, the Australian Federal Police (AFP)-led Papua New Guinea-Australia Policing Partnership, and a range of smaller investments delivered through other agencies including the Attorney-General's Department (AGD), the Commonwealth Ombudsman, the Department of Home Affairs and the Australian Transaction Reports and Analysis Centre. Across these pillars, the Australian Government provides up to \$62 million in development assistance per year. We made progress over the last year to better integrate our efforts in the sector through the development of a *Sector Strategy for Australia's Law and Justice Investments in Papua New Guinea*. The strategy refreshes the direction of Australia's law and justice investments in Papua New Guinea and will drive whole-of-sector and Australian whole-of-government coordination across these investments.

A lack of recurrent budget support from the Government of Papua New Guinea to relevant sectoral agencies, particularly in provinces, is affecting the effectiveness of Australia's support. It is also compromising the ability of sector agencies to effectively enforce laws, including through mounting effective investigations and prosecutions of serious crimes, corruption and family sexual violence. A lack of baseline and updated data contributes to the difficulty in accurately measuring the impacts of Australia's investments. To address this, JSS4D funded a Community Business Perceptions of Crime survey conducted in four provinces, which has assisted in providing some baseline data for future programming.

JSS4D has four outcomes: improving community safety; addressing family and sexual violence (FSV); strengthening legal services; and confronting corruption. Special consideration is also given to the Autonomous Region of Bougainville (AROB), reflecting its post-conflict need for peace and stability and the establishment of key services. JSS4D focuses on six priority provinces (Morobe, Northern, Hela, Southern Highlands, Gulf and Western) as well as the AROB and ten national law and justice agencies to implement activities. In 2018-19, the program is on track; notable outcomes for addressing FSV were achieved by supporting the implementation of legislation to assist FSV survivors access legal services and protection (1,550 Interim Protection Orders were issued and 26 FSV cases prosecuted in 2017 exceeding the target of 25). Other achievements included the establishment of offices for two national law and justice agencies in Bougainville; ongoing support to the Bougainville Police Service and Correctional Services nationally to strengthen rehabilitation and reintegration of offenders in line with expectations; and support for reforms in the Magisterial Services, Correctional Services and Public Solicitor's Office.

An independent evaluation of JSS4D was completed in October 2018 to provide stakeholders with a clear assessment of the progress of the program to date. The evaluation found that overall delivery of JSS4D has been efficient and effective. Relationships with stakeholders are highly regarded and management and operations are sound. The program has demonstrated improvements, particularly in the areas of community safety, addressing FSV and supporting effective law and justice services. DFAT is taking forward the evaluation recommendations through a 'design update' to JSS4D that will shape the next phase of Australian support.

The AFP built stronger working relationships at all levels within the Royal Papua New Guinea Constabulary (RPNGC) through its highly valued targeted training and support delivering policing capability for APEC 2018. Their assistance to the RPNGC included specialist skills training in water police, public order management, canine, motorcade, close personal protection, airport policing and the development of bomb appraisal officers. The new partnership is now pivoting from a strong APEC focus towards a longer-term, more flexible engagement. A key challenge next year is to develop a provincial policing model that would extend AFP advisory support beyond Port Moresby and Lae, noting the legal constraints to in-line policing support.

AGD has made a long-term investment in developing the core skills of Government legal advisers and prosecutors – many of whom are now moving into leadership positions – and has provided advice to the Government of Papua New Guinea on legal reform and policy, most recently on legislation to support Papua New Guinea’s successful hosting of APEC 2018.

OBJECTIVE 2: ENABLING ECONOMIC GROWTH (\$152.4 million)



In 2018-19, we have deepened our relationships with partners in the Government of Papua New Guinea and maintained our status as Papua New Guinea’s economic partner of choice. This objective is rated Green as key benchmarks in the Economic Governance and Inclusive Growth Partnership, Transport Sector Support Program and the Incentive Fund were effectively delivered as expected. In 2018-19, Australian technical assistance enabled substantial stable and transparent international financing to assist the Government of Papua New Guinea deliver on key budget priorities. Our support enabled the maintenance and reconstruction of over 1,700 kilometres of roads, supporting our long-term goal of a safe, reliable transport system that enables economic growth. We enabled improvements to government procurement systems, which will help reduce corruption and improve service delivery. In 2018-19, we commenced the Coral Sea Cable project, which will deliver 20 terabits per second capacity (or 800 times more than the existing capacity) of data to Papua New Guinea by the end of 2019.

Infrastructure

Economic growth and development in Papua New Guinea are still inhibited by a lack of quality infrastructure, including in the transport, electricity, telecommunications and water sectors. Australia is supporting Papua New Guinea to address its infrastructure challenges to allow it to fulfil its economic potential. Until recently, roads have been the main focus of our infrastructure program, along with social infrastructure for schools and hospitals. In 2018-19, Australia stepped up efforts to help Papua New Guinea meet its substantial infrastructure needs in a sustainable way.

In 2018-19, we commenced the **Economic and Social Infrastructure Program (ESIP)** as our new flagship infrastructure program in Papua New Guinea. ESIP’s goal is to assist Papua New Guinea accelerate the development of priority infrastructure by strengthening project planning and selection, expanding access to quality financing and assisting with high quality procurement and project implementation. ESIP is working in the focus sectors of energy (electrification), telecommunications, and water and sanitation.

ESIP is focused on strategic planning and delivery of infrastructure, which includes development of policy and coordination of stakeholder engagement. In 2018-19 several critical pieces of planning work for Papua New Guinea commenced, including the Port Moresby Water and Sanitation Master Plan and a masterplan for Papua New Guinea’s electricity network.

In November 2018, the Australian Government announced the **Australian Infrastructure Financing Facility for the Pacific**. The Facility will provide non-concessional (non-ODA) loans worth up to \$1.5 billion, supported by ODA grants of up to \$500 million. These will be used to support the development of high priority



infrastructure such as telecommunications, energy, transport and water. Grants and loans are yet to be awarded, however these mechanisms will significantly boost our support for infrastructure development in Papua New Guinea in coming years.

The Australian Government is funding the majority of the **Coral Sea Cable System**, a state of the art undersea telecommunications cable from Australia to Papua New Guinea and Solomon Islands. The cable will deliver faster, cheaper and more reliable communications, approximately 800 times faster than Papua New Guinea's current international gateway capacity. The cable is on track and expected to be ready for service by the end of 2019.

At APEC in November 2018, the Prime Ministers of Papua New Guinea, Australia, Japan and New Zealand, and the Vice-President of the United States of America announced the new multi-country **Papua New Guinea Electrification Partnership**. The Electrification Partnership is intended to assist Papua New Guinea connect 70 per cent of its population to electricity by 2030. Australia is co-funding the Tsak Valley/Enga Electrification project with New Zealand, which will extend transmission and distribution lines to provide the majority of Tsak Valley's 30,000 people with reliable power for the first time. Further major projects are currently being jointly prepared with PNG Power.

In operation since 2000, the **Incentive Fund** provides grants to high performing Papua New Guinea organizations with the goal of expanding both the reach and quality of social services and economic development for Papua New Guineans. Over the past 19 years, Australia has invested around \$500 million in 79 projects through the Incentive Fund, in 21 of the country's 22 provinces (including the National Capital District (NCD) and Autonomous Region of Bougainville). Incentive Fund Phase 4 (IF4) (up to \$100 million, 2015-21), currently oversees 19 grants to the total value of \$36.4 million. IF4 is predominantly an infrastructure program, with infrastructure accounting for 93 per cent of expenditure. Highlights of existing IF4 investments include the Divine Word University accommodation project, which will see an additional 144 (72 females and 72 males) students enrolled. IF4 has also enabled major upgrades to the very remote Kapuna Hospital in Gulf Province, improving health services to 35,000 Papua New Guineans.

Transport

Papua New Guinea's geography and climate provide substantial challenges for the development of transport infrastructure. Due to inadequate maintenance, 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 of the population that lives in rural and remote areas. Air and maritime transport networks are essential given the challenges associated with maintaining and expanding the road network. Improving the functioning of the transport network as a whole is critical to facilitate access to essential services and boost economic growth. The shared long-term goal of Papua New Guinea and Australia is to achieve a safer, more reliable transport system, which enables economic and social development.

The Papua New Guinea-Australia Transport Sector Support Program (TSSP) was established as a multi-phased, 15-20 year program to support the development of Papua New Guinea's transport sector, encompassing the land, maritime and aviation sectors. It is also an important provider of technical assistance for transport planning and policy.

TSSP assists Papua New Guinea to deliver road asset maintenance, including directly funding roadworks on Papua New Guinea's national priority roads. In 2018, Australia invested in routine and periodic maintenance of over 1,700 kilometres of national roads across 12 provinces, exceeding our target of 1,500 kilometres. The primary focus of investment is on funding long-term maintenance on the national priority road network. Total expenditure on road maintenance and supervision through TSSP in 2018 was approximately \$57.5 million.

Works funded by TSSP are delivered by advisers and engineers embedded in the Department of Works and Department of Transport who work closely with other Government of Papua New Guinea agencies. This approach of targeted technical assistance combined with a program of works implemented primarily



through Papua New Guinea's own systems provides the best prospect for influencing Papua New Guinea Government policies and achieving the program's objectives.

TSSP also focusses on improving safety and security in the aviation and maritime sectors, with a number of Australian transport agency officials embedded in Papua New Guinea transport agencies to boost technical capacity and support project delivery. This capability was critical in supporting Papua New Guinea to host APEC in 2018.

TSSP has also supported Papua New Guinea to significantly improve its compliance with international standards. In 2018, the United Nation's International Civil Aviation Organization completed a validation audit on Papua New Guinea's compliance with international aviation safety standards and practices and Papua New Guinea's score for aviation safety increased from 50.4 per cent to 63.32 per cent, higher than the 2017 Asia-Pacific average (59.26 per cent) and just short of the 2017 global average (64.7 per cent).

A key challenge facing the program in 2019 is to support the Department of Transport and the Department of Works to secure the necessary funding for routine maintenance of national priority roads. This has been an ongoing challenge due to budget constraints as well as challenges in aligning network planning and the annual budget cycle. Australia continues to support the Government of Papua New Guinea's transport sector budget submissions with a view to addressing this. TSSP is also supporting studies on revenue generation and network economics that seek to reduce the gap between the costs required to maintain the network and the limited funding available.

Economic Governance

Papua New Guinea's economy has been fragile in recent years and the Papua New Guinea Government has sought external loans to meet budget shortfalls. Papua New Guinea's new Prime Minister has spoken about Government initiatives to grow the economy through economic and tax reform, the resources sector and strengthening service delivery. The Economic Governance and Inclusive Growth Partnership (EGIG) is strengthening the Government of Papua New Guinea's economic management and building an inclusive business environment to increase economic growth. Most EGIG projects demonstrated results in line with expectations, with some projects exceeding expectations.

Through EGIG, Australia works with key economic agencies – Treasury, Finance, and the Internal Revenue Commission (IRC) – to strengthen their operations and promote sound economic and fiscal management. Activities to support these areas are largely provided through technical assistance but also include some program aid. This work also complements programs run by the World Bank, Asian Development Bank (ADB), International Monetary Fund (IMF) and through Australian government department relationships (via the Institutional Partnership Program).

A core focus is improved governance and reduced corruption through strengthened **fiscal management**. A key success against the outcomes was the program's role in helping secure USD1.1 billion in finance for the Government of Papua New Guinea through policy-based loans from the ADB and World Bank, and the launch of Papua New Guinea's inaugural sovereign bond. The new loans and sovereign bond are predicted to save the government up to US\$1.4 billion over the lifetime of the loans compared to borrowing similar amounts through domestic markets. Our technical assistance was a key enabler to supporting the Government's ability to meet the commitments required of the multilateral banks and the bond investors.

Australia's support has enabled the roll out of the Integrated Financial Management System (IFMS), including completing the roll-out to 103 sites, of which 20 are Provincial Finance Offices and 83 are District Finance Offices, in line with expectations. A Department of Finance review of the impact of its Public Financial Management reforms from Australian-supported programs such as IFMS, new policies on non-tax revenues and technical assistance in cash management, receipting, public accounts, and ICT infrastructure amounted to over \$600 million in savings and efficiencies. The program also contributed to better end-of-year accounting practices with national accounts presented to Parliament on time, and significant cost savings achieved through strategies like the outsourcing of the Department of Finance's disaster recovery centre, saving the Government of Papua New Guinea up to \$350,000 per annum. The IFMS has automated and



improved many services, reducing opportunities for corruption and ensuring improved compliance and tracking of funds. This has included the ability to monitor District and Provincial Service Improvement Grants for the first time – a key point for leakage in the expenditure of public monies.

To support **inclusive growth and financial inclusion**, we are working with several different incubator and innovation centres to build small and growing businesses and connect entrepreneurs to expertise and investor capital. With the United States, Australia has funded the Women’s Business Resource Centre, which provides courses and a workspace for women (some training is also open to men). It also provides inexpensive childcare on-site. Since opening in 2016, over 1,100 women have accessed the Centre. Training courses are usually 1-2 hours and cover topics from financial literacy to digital marketing and e-commerce. They are able to offer support and mentoring for women from a diverse range of backgrounds.

To support **innovation**, Australia supported the launch of the ‘Techlab’ business development accelerator in early 2019. Techlab is coaching emerging technology small and medium enterprises on the integration of cloud and other digital technologies into their businesses, initially working with nine businesses from across the country. Participants receive coaching tailored to their business needs, ranging from designing a business model through to becoming investment ready. One such business is Refer Tech, a cloud-based patient management system, designed to improve tuberculosis health outcomes via end-to-end patient treatment monitoring, data collection and analytics. Refer Tech is already gaining international interest and hoping to be investment-ready by the end of the year.

The Australian Government supported Papua New Guinea’s hosting of **APEC** in 2018, an opportunity for Papua New Guinea to showcase its business, investment and tourism potential to the world. Australia’s significant security and policy support to Papua New Guinea’s hosting of APEC 2018 was an extension of long-term cooperation and institutional partnerships across our Governments. At Papua New Guinea’s request, Australia provided a range of capacity-building, policing, defence and security assistance.

Australia’s support through the ADB Private Sector Development Initiative (PSDI) and the International Finance Corporation (IFC) to improve **private sector development** and the business-enabling environment in Papua New Guinea continued to perform well. The ADB PSDI has worked with Papua New Guinea’s Investment Promotion Authority to improve Papua New Guinea’s company registry, including introducing an online portal and transferring data to the cloud to improve system stability. This has contributed to Papua New Guinea improving its position on the global Ease of Doing Business Ranking from 133 in 2016 to 108 in 2019.

Australia continues to support Papua New Guinea’s **agriculture** sector. As well as underpinning basic food security, increased agricultural production translates to economic growth, poverty reduction and improved living standards. We are reshaping some of our private sector initiatives to focus on supporting commercial agricultural production, in line with the priorities of the Government of Papua New Guinea, with a stronger focus on Morobe Province. This includes a partnership between the IFC and SP Brewery to commercialise the production of smallholder-grown cassava.

The Market Development Facility (MDF) has improved its performance over the past year, sharpening the focus of its partnerships which include work on honey production, stock feed, fresh produce and specialty coffee and cocoa. For example, with MDF support, Monpi coffee has certified 3,100 smallholder coffee farmers, enabling them to sell into specialty coffee markets and achieve higher prices. Through PHAMA Plus, Australia’s biosecurity support program, we are helping strengthen Papua New Guinea’s biosecurity systems to increase agricultural exports to Australia and the world. Recently PHAMA Plus has helped access new markets in chili, ginger and fisheries products, and is supporting women to produce high-quality handicrafts for international sale from fibre and seed crops.

The Australian Centre for International Agricultural Research (ACIAR) continues to support broad-ranging agricultural research to improve food supply and rural incomes; a long-term project on introducing ‘clean seed’ technology for sweet potato production is yielding good results. A comprehensive Australian-funded survey on household food production and nutrition generated results that are being used by Papua New Guinean Government agencies.

OBJECTIVE 3: ENHANCING HUMAN DEVELOPMENT (\$188.5 million)



Australia is supporting the Papua New Guinean education and health sectors to efficiently deliver services to its population, in line with Papua New Guinea’s decentralisation reform agenda. Across the portfolio there is good progress, particularly at the output level. In 2018-19, we helped vaccinate over 3.3 million children for polio, helping to interrupt the spread of the disease, and helped build critical health infrastructure through construction of 17 community health posts, and training over 500 health personnel. We are positively influencing policy makers and administrators within the Papua New Guinea health system to make positive improvements. Despite these achievements, we rated the objective ‘amber’ because at this stage, we expected to be reporting against higher-order outcomes (rather than outputs) and leveraging and influencing a greater portion of Papua New Guinea health and education budgets. In the next reporting period we will have in place a robust monitoring and evaluation (M&E) system to capture program performance at the outcome-level, including through the establishment of a standalone monitoring and evaluation facility for our human development investments.

Health

The health system in Papua New Guinea faces many challenges including inadequate infrastructure, poor access to facilities and medical supplies, and workforce shortages. The re-emergence of polio in 2018, almost two decades after being declared free of the disease highlights the weakness of the Papua New Guinea health system. However, a recent Australian Government funded Papua New Guinea Demographic and Health Survey demonstrates positive progress is being made in some areas in health over a twenty year period (1996 to 2016-18): child mortality has declined from 92 to 49 per 1000 live births; the fertility rate has dropped from 4.8 to 4.2 per cent and contraceptive use increased by nearly 11 per cent, exclusively through uptake of modern contraceptives.

Australia is the major donor to the sector, providing around \$100 million in 2018-19, which is equivalent to about 20 per cent of the Government of Papua New Guinea’s health expenditure. With health services largely underfunded, a key priority for Australia has been to encourage financing from multilateral banks and the global funds. Our co-funding to multilateral banks (the Asian Development Bank and World Bank), in particular has successfully leveraged over USD 500 million in additional funding (both loans and grants) to the sector. Our health strategy, as articulated in the Papua New Guinea Health Portfolio Plan 2018-2023, aims to improve the health of Papua New Guineans on high priority health issues, and targets the following three outcome areas: health security; rural health care; and family planning.

Health Security and containing the spread of Major Communicable Diseases

Australia is supporting Papua New Guinea to tackle multi-drug resistant tuberculosis (TB), improve malaria diagnosis capacity and respond to disease outbreaks. In 2018-19, independent reviews were conducted of our key investments. The review of Australia’s investments in TB in Papua New Guinea between 2011 and 2018 found Australia’s support was critical to the success of the Government of Papua New Guinea-led emergency response in Daru, Western Province, and to strengthening the roll out of the TB program in the National Capital District. Our funding has helped reduce TB mortality; increased treatment success rates in Daru from 81 to 87 per cent for drug-resistant TB; contributed to innovative approaches to case detection and community based treatment, and improved infrastructure and staff capacity at Daru General Hospital. These initiatives are identifying important lessons, which the Government of Papua New Guinea is using to inform in its countrywide TB strategy.



Similarly, the review of the trilateral cooperation on malaria found accuracy in the diagnosis of malaria improved from less than 60 per cent in 2013 to over 80 per cent in 2018. The innovative partnership model between Australia, Papua New Guinea and China was assessed to be a success and all countries agreed it should be extended to a second phase (beginning January 2020).

Following the outbreak of the polio virus in June 2018, Australia responded swiftly, providing over \$19 million for the national polio vaccination campaign and for routine immunisation, in partnership with the World Health Organization (WHO) and the Papua New Guinea National Department of Health. With over 3.3 million children vaccinated, the campaign has successfully interrupted the spread of the disease, according to an independent Poliovirus Outbreak Response Assessment. Australia brokered a new innovative partnership between the Governments of Papua New Guinea and New Zealand, and Gavi, the Vaccine Alliance, to increase routine immunisation coverage in up to 15 provinces and prevent future outbreaks.

Developing Health Systems with a focus on Rural Primary Healthcare

In support of Papua New Guinea's agenda to decentralise health service delivery, our partnerships with the Asian Development Bank, World Bank and the WHO, have strengthened national and provincial systems delivering primary health care by constructing health infrastructure, trained provincial and local staff and improved health policy and administration, including financial management.

In 2018-19, Australia helped build essential health infrastructure, including 23 fully equipped community health posts and health centres (out of a proposed 32) in rural and remote areas. They include birthing suites to improve maternal and neonatal services and staff housing to attract staff to work in remote locations.

The rehabilitation of ANGAU hospital in Morobe Province is on track for completion in December 2020. Australia is helping to strengthen Morobe's broader health system, including integrating referral and specialist service delivery at ANGAU Hospital with the primary health care services provided by lower-level facilities throughout the province. The Clinical Support Program, implemented by the Royal Australian College of Surgeons, is helping to build administrative, clinical and surgical capacity at ANGAU Hospital.

Our support helped to increase Papua New Guinea's capacity to deliver frontline services across the country, including through the provision of training and scholarships in key areas of need. Papua New Guinea has the lowest rates of skilled birth attendants (midwives, nurses and doctors) in the Pacific. Skilled birth attendants are essential for early identification and management of problems for both mother and baby, particularly important in Papua New Guinea, where rates of maternal and child mortality are one of the highest in the region. During the reporting period, 75 midwifery and 20 nursing in-country scholarships were provided and 377 provincial health personnel (311 women and 66 men) were trained in integrated rural health and hospital service delivery. We supported the training of specialist doctors, nurses and pharmacists through targeted support to the University of Papua New Guinea's (UPNG) School of Medicine and Health Sciences. With our support, specialist doctors graduating from UPNG have doubled from 69 (2009-14) to 144 (2014-18). In 2018-2019, 136 health professionals across ANGAU and Port Moresby General Hospitals received short course training in emergency medicine, paediatric life support, primary trauma care and infection control. Our support is helping boost Papua New Guinea's institutional capacity to train more local health workers.

Papua New Guinea has an ambitious health reform agenda. During the reporting period, Australia supported PNG in taking forward major policy initiatives, this includes the roll-out of Provincial Health Authority structures to new provinces; supporting a national workshop on Health Sector legislative reform, supporting work on PNG's next national health plan and helping to strengthen medical supply systems. As a result, we now have a clearer picture of drug shortages in the country, this is possible through funding an electronic platform (mSupply) to improve the uninterrupted supply of safe, effective and quality medicines to communities in PNG. We also expect to see improvements in PNG's health data quality, with Australia supporting PNG efforts to rollout of the National Health Information System in 14 provinces.

Integrated HIV, Reproductive and Voluntary Family Planning Services

Australia supported Papua New Guinea's decentralisation reforms through new or scaled-up models of integrated service delivery to increase the quality, effectiveness and coverage of integrated HIV,



reproductive health (including maternal and neonatal health) and voluntary family planning services. These services were delivered through a range of providers such as faith-based and non-government organisations (Catholic Church Health Services, Anglicare PNG, Marie Stopes PNG and Susu Mamas) and UNICEF.

This support also contributed to Papua New Guinea's economy. Improving women and children's health will facilitate a mother's ability to work, earn an income and further invest into the economy, and a child's ability to learn, achieve more at school and become a productive adult. Providing voluntary family planning services supports Papua New Guinea's National Population Policy 2015-2024 which outlines the need for family planning to reduce risks of a rapidly growing population to overall sustainable development.

Our initiatives achieved results with all eight output indicators under this outcome area being either met or exceeded in 2018-19. Australia's support delivered 83,184 voluntary family planning services, supported 4,957 pregnant women with at least one antenatal care visit, treated 21,887 children under-five for malnutrition and pneumonia, and supported 6,858 people to receive antiretroviral therapy for HIV.

Our investments are garnering longer term benefits as we partner with provinces and build capacity in Papua New Guinea's health system. Eleven new partnership agreements have been established between Provincial Governments and our implementing partners to support alignment and integration of these services into Papua New Guinea's health system. Capacity to deliver quality services is also increasing, with three more health facilities meeting Papua New Guinea's National Health Service Standards and over 160 health facilities having increased capacity to deliver reproductive health and family planning services. The capacity of Papua New Guinea to fully integrate these services into the health system, both in terms of funding and health workforce, remains a challenge.

Education and Leadership

Papua New Guinea's education system is complex, facing a range of systemic challenges including financing, infrastructure and teaching capacity. The Tuition Fee Free policy was a success in terms of getting more children into school (17 per cent increase since 2012) but the increased numbers of children in school is putting pressure on the ability of the education system to deliver a quality education. Further up in the system, there are not enough secondary or tertiary places to fill the demand created by those graduating primary and secondary school each year.

The new Government has prioritised quality education and TVET and we are already partnering with Papua New Guinea in these areas. Our goal is for Papua New Guineans to gain the skills and knowledge to take advantage of employment and leadership opportunities under three priority areas - foundations, skills and productivity, and leadership. Australia is the largest donor to the sector, contributing over \$65 million per annum, about five per cent of the total government education spend. Demand for Australian assistance has remained strong during the reporting period, and we continue to be the partner of choice in education and leadership as our investments are regarded as well-targeted and responsive to Papua New Guinean needs.

The 2018-19 period saw the first year of implementation of the *Australia Partnering with Papua New Guinea: Education and Leadership Portfolio Plan 2018-2022*. Effort was directed towards consolidating and setting the groundwork while also achieving results under each of the three priority areas of the program. Design work commenced for a new program, Education for Prosperity, which will deliver results in early grade literacy and numeracy as well as vocational training while providing enabling support, research, high quality policy advice and program management. A new secondary program aiming to both build education and leadership skills, and deepen people-to-people and institutional links was scoped and activities have commenced. We have developed and contracted a new monitoring and evaluation services provider across health and education to help better track progress at the whole-of-program level.

The **Foundations** priority area is the key area of support for the 'quality' education agenda. It is supporting literacy and numeracy skills in the early years of school as the necessary foundation for progressing through schooling and into the workforce. Australia is investing through the PNG Partnership Fund in three demonstration projects through NGO-lead consortia that are exploring ways to accelerate learning outcomes for up to 143,000 elementary students, including through closer engagement with subnational governments.



The foundations priority area exceeded its targets. In 2018-19, results include 1,340 elementary teachers (654 females) received professional development; 1,171 elementary teachers (618 females) and 30 District Inspectors trained to assess children with disabilities; 91 schools completed the School Learning Improvement Plans; and two innovative reading applications containing over 100 Papua New Guinea context-specific books launched on the Google Play Store, free to download for all Papua New Guineans.

Significantly, one of the largest piece of Papua New Guinean education research was undertaken in 2018, covering 453 schools (3987 children) across six provinces. This provides vital baseline data to establish current literacy and numeracy of early grade learners. Midline assessments are underway with a view to capturing data on how our approaches are improving children's learning.

We exceeded our objectives in supporting children with disability to receive an education that meets their individual needs. Specifically, 1,662 new registrations of children with disability into Inclusive Education Resource Centres, 221 children receiving assistive devices, and 44 students graduating from the Applied Diploma in Inclusive Education. We trained more than 1,700 additional school administrators across Papua New Guinea in basic financial management to improve budgeting and accountability, taking the total number trained to 13,788 (3,389 women). We also continued to work closely with the National Department of Education (NDoE) to build individual and institutional capacity in monitoring and evaluation, education management, information systems and budgeting and finance. In order to better understand the effectiveness of our support in this area, we are undertaking a technical assistance effectiveness review.

The **Skills and Productivity** priority area aims to help the tertiary sector meet industry demand for skills by supporting more women and men to gain appropriate skills in priority sectors. This priority area is achieving its expected results at the volume and quality anticipated. In 2018-19, we supported 359 new teachers, nurses and midwives to graduate and strengthen Papua New Guinea's qualified workforce. Our Kina for Kina and twinning tertiary education partnerships continued to support quality improvements in four of Papua New Guinea's six tertiary education institutions. We also invested significant time in developing a Skills for Growth demonstration project as part of the Education for Prosperity design. This new initiative takes a demand-side approach to supporting skills development in the informal sector and builds on the experience of successful TVET programs in Vanuatu and Sri Lanka.

Our technical assistance continues to support the NDoE and the Department of Higher Education, Research, Science and Technology (DHERST) take forward the reform agenda to streamline the higher education sector, including through policy advice on options for international financing to fund the tertiary sector. As part of our strategy to broker international financing and diversify development partners working in Papua New Guinea, we have been working with ADB to encourage their re-entry into the tertiary sector. This has been successful, with ADB indicating an interest to engage through a US\$50 million grant, starting in 2021, most likely in the agriculture sector. This will align with our new Skills for Growth investment.

The **Leadership** priority area aims to ensure that women and men are able to apply leadership skills and attributes for the development of Papua New Guinea. It is aligned with the Government of Papua New Guinea's focus on leadership renewal across all sectors and is supported through two investments: Australia Awards and the Pacific Leadership and Governance Precinct (Precinct). These investments are achieving expected results at the volume and quality anticipated.

Australia Award scholarships are in key sectors aligned with the Government of Papua New Guinea's priorities including a focus on awardees from the provinces and districts. Currently, 535 Papua New Guineans are studying in Australia and Papua New Guinea on scholarship. In 2018-19, 212 participants (42 per cent women) completed short courses, and 112 completed study in Australia (50 per cent women). At least 50 per cent of these recipients are from subnational locations, supporting the decentralisation agenda.

Our scholarships are targeted and making a difference. Surveys have confirmed that the 53 negotiators (15 women) trained through two short courses in diplomacy and international trade skills supported the Papua New Guinea's APEC Secretariat to successfully host the 2018 APEC Summit. Surveys also confirm that long-award recipients are demonstrating behaviour-change and contributing to public policy improvements. For example, one Alumni working for the Bank of Papua New Guinea reported using the knowledge and skills

gained on scholarship to contribute to the 'Prudential Guidelines for Savings and Loans'. These guidelines supported the Papua New Guinean Savings & Loans Act which was recently enacted.

The Precinct supports the development of Papua New Guinea's future public servant leaders. As expected, the activity trained 1,357 public servants and students (32 per cent women) through short-courses, diplomas and degrees – more than double those trained in the previous year. This includes 681 people (35 per cent women) attending eight short courses covering core skills, leadership and ethics that were delivered 29 times. Notably The Pacific Institute of Leadership & Governance's (PILAG)'s project and financial management short course was delivered 14 times in seven districts. Over 100 participants were supported to complete three long-courses, including the Papua New Guinea-tailored nine-month Future Leaders Program. The Australian National University (ANU)-seconded academics taught 18 under- and post-graduate courses with a teaching load of 573 students at the University of Papua New Guinea (UPNG) during 2018-19.

An important element of our leadership efforts is to facilitate transparent, public platforms for contested discussion around issues of national importance. In 2018-19, in partnership with the Papua New Guinea APEC Secretariat, we delivered nine panel discussion events featuring Papua New Guinean and international experts, on issues of national significance such as women in parliament and agriculture. The events were attended by 3,500 people and reached millions more through radio and television coverage. Australia continued to support the UPNG/ANU PNG Update, an annual economics and public policy conference. In 2018-19, the last two of the five new buildings for Precinct institutions were opened - UPNG's School of Business and Public Policy (SBPP) building and the PILAG library. These buildings provide vital, modern infrastructure for Papua New Guinea and enable significant goodwill, demonstrated by the attendance of 13 Papua New Guinean Ministers and more than 200 leaders of civil and private sectors at the SBPP launch during APEC Leaders Week.

The growing Papua New Guinea Australian Alumni Association launched two new chapters, bringing the total number of provincial chapters to nine. The Association also broadened its membership base to allow public servants trained through the Precinct. Australia continues to support the Association through networking, professional development and a small grants program.

CROSS CUTTING OBJECTIVES



Gender equality and women's empowerment

Gender inequality is a major social, political, and economic challenge for Papua New Guinea. The rates of family and sexual violence are among the highest in the world and men outnumber women in paid employment outside of agriculture. No women were elected in the 2017 national election, despite the highest number of women ever contesting a Papua New Guinean national election. Gender equality is a cross-cutting priority and is addressed across Australia's development, economic, diplomatic, and public diplomacy engagements with Papua New Guinea.

Mainstreaming gender equality and women's empowerment across and within Australia's investments in Papua New Guinea remains a strategic priority for the development program. In 2018, over 90 per cent of



Australian investments in Papua New Guinea, regardless of their objectives, effectively addressed gender issues in their implementation. The Australian High Commission's annual 'Gender Action Plan' (2015-2020) brings together efforts across all Australian investments to address Gender Equality and Women's Empowerment. In 2018, multiple sectoral teams engaged Gender Specialist Advisors to increase their program's integration of gender equality into current programs or new designs. A revitalised Gender Focal Point network, comprised of representatives from each sectoral team, met regularly to share experiences to support cross-sectorial collaboration. Cross-sectoral work, including with agencies other than DFAT delivering parts of the development program, increased in 2018. For example, ACIAR co-funded the second phase of a the Family Farm Teams project and incorporated the learnings around family and sexual violence prevention and women's leadership and decision-making into their agricultural and economic development research projects.

Australia's flagship regional gender program, Pacific Women Shaping Pacific Development (*Pacific Women*) supports four outcomes: supporting increased leadership and influence, increasing economic opportunities for women, strengthening violence prevention and support services, and enhanced knowledge and learning. In 2018-19, *Pacific Women* implemented 30 projects in Papua New Guinea to contribute to the four outcomes.

Pacific Women's Papua New Guinea program is consistent with the Government of Papua New Guinea's gender equality policies and priorities, which focus on promoting women's rights and gender mainstreaming across development planning and decision-making, and with DFAT's Gender Equality and Women's Empowerment Strategy.

Under the leadership outcome, projects implemented by *Pacific Women* have enabled more women and girls to take on leadership roles and influence decision making. For example, through the Safe Cities project, women now hold 83 per cent of executive positions in the vendor associations in the three major Port Moresby markets. Through the Women in Mining project, the Frieda River Limited Community Leaders Forum agreed that women representatives would sit on the three clan sub-committees that will represent communities in mine agreement-making processes. The Women in Leadership Support project trained 143 women candidates intending to contest local level government elections to help them develop competitive election campaigns.

Training, experience and networking facilitated by Australia has increased the confidence and leadership skills of young women in Bougainville. The Young Women's Associations have been incorporated in the executive and district levels of the Bougainville Women's Federation and one young woman was elected to the board. In 2018, 36 young women took up formal leadership positions in their churches and wards and in the health, tourism and education sectors. Business Coalition for Women member companies have supported 100 women to gain a Certificate IV Leadership and Management. By the end of 2017, over 70 per cent of graduates had increased their responsibilities at work or had been promoted.

Under the economic opportunities outcome, Australian-funded projects have increased women's financial literacy and business skills, and helped them to open bank accounts and access loans. Almost 1,300 women have accessed information and services to increase their financial and business skills literacy and to improve their family budgeting, savings and access to credit. Women are growing their businesses through the training and networks of the Women's Business Resource Centre, and young women in Bougainville have set up new enterprises to support their families and their new associations. Public and private sector partners have established policies, practices and programs that enable women's economic empowerment and promote safe working conditions for women. The Business Coalition for Women's Gender Smart Safety Resources, and their workplace policies to support survivors of family and sexual violence, are making working conditions safer and more supportive for women.

There continues to be good progress under the strengthening violence prevention and support services outcome. Women, girls, men, boys and communities are acting to address violence against women facilitated through Australian-funded activities. An evaluation of three years of the work of the Gender



Justice and Healing project identified evidence of important positive changes in several communities in the districts of Bana, Siwai, Buin, Kieta, Selau and Haku in Bougainville. In two wards of Bana district, these changes are profound. There have been no sorcery accusation-related killings since 2015 and early intervention by women human rights defenders and male advocates ensured that seven people accused of sorcery were protected from violence and reconciled with their communities. Domestic violence, and child abuse and neglect are now less frequent. There has been a reduction in teenage pregnancies and marriages and more couples are sharing childcare and household responsibilities.

Quality services continue to expand. Fourteen Australian-funded projects contributed to improving services for survivors of violence. A greater number of women and girls accessed support services with 6,498 women and girls accessing services in 2018 compared with 994 new clients the year before. The prioritisation of Australian emergency services for women and children in response to the Highlands earthquakes in 2018 ensured that 5,303 women and girls had access to urgent health, psychosocial and safety services and reproductive health and dignity kits. Eleven companies have subscribed to the Bel Isi PNG initiative, a public-private partnership between the Australian Government, Government of Papua New Guinea, and the private sector. The program provides members of the public with a new case management service in Port Moresby and access to a new safe house (on referral basis), both managed by Femili PNG. Employees of subscribing companies have priority access to the safe house, though to date, over 75 per cent of clients accessing the case management centre and almost 90 per cent of those accessing the safe house have been members of the public.

Pacific Women partners are implementing legislative and policy reforms to protect women and children from violence and protect human rights. For example, *Pacific Women* is working with police and others to implement the Family Protection Act 2013 and the Lukautim Pikinini Act 2015 (relating to child welfare); and implementing the Sorcery Accusation-Related Violence National Action Plan and the National Gender Based Violence Strategy. However, significant challenges remain. It is still time consuming and sometimes difficult to obtain interim protection orders, knowledge of the relevant laws and policies is limited in the community, and there are limited numbers of gazetted Child Protection Officers and services specifically addressing child survivor needs.

Climate change

Papua New Guinea is highly vulnerable to the impacts of climate change, with close to 85 per cent of its population living in rural areas with poor access to social and economic services and reliant on climate sensitive subsistence and small-scale agriculture production for food security and income generation. Australia is supporting Papua New Guinea to address the impacts of climate change and meet its international commitments through the Papua New Guinea-Australia Climate Change Action Plan signed by Governments of both countries in May 2018. Australia's support aims to enhance the resilience of Papua New Guinean communities and of critical social and economic infrastructure to climate change.

Good progress is being made towards the community resilience and capacity development targets associated with addressing the impacts of climate change. On community resilience, we are supporting 31 communities (towards the target of one hundred) to increase their awareness of climate change risks to their livelihoods and to adapt and apply contextually appropriate adaptation measures. For example, four communities in Manus Province earned K58,000 from exporting their certified sea cucumber product to the Hong Kong market, an increase of 200 per cent, compared with business as usual approaches. We are also supporting women in Manus and Milne Bay Provinces to generate income from sustainable management of mangroves and their ecosystems. Possibilities for participation in eco-tourism business ventures are also being explored.

To address capacity development needs, we supported 26 Papua New Guineans from government, civil society and the private sector, to undertake a Graduate Certificate in Environment Management (Climate Policy) at the University of Queensland.

A flagship Climate Resilient Green Growth Project commenced in February 2019. The project is delivered through a partnership with the Global Green Growth Institute (GGGI). It aims to mainstream planning for



climate resilient green growth in three target provinces and develop a pipeline of projects to attract international climate finance for Papua New Guinea, which it is currently struggling to achieve in comparison to other smaller Pacific Island Countries.

We are also actively mainstreaming climate change across various elements of the program. With support from the Australia Pacific Climate Partnership Support Unit (Australia's new flagship regional program), we developed a Climate Change Integration Plan in 2018 to measure and improve the integration of climate change across our investments including in infrastructure, governance and health.

Disaster preparedness and response

Papua New Guinea is highly vulnerable to a range of natural hazards, including drought, floods, volcanic eruptions and earthquakes. To help manage this risk, Australia provides support to Papua New Guinea to strengthen its overall disaster management capabilities, to help prepare for and respond to disasters.

Australia has supported the development of emergency management systems and plans, including through inclusive training and simulations for communities. In 2018, through Australian NGOs supported under DFAT's Australian Humanitarian Partnership, 36 of 46 target communities developed disaster plans and 33 of 40 new community disaster committees now have at least one female representative. In 2019, through our ongoing disaster risk management program with the United Nations Development Programme (UNDP), a Disaster Loss Database was developed in partnership with the University of Papua New Guinea to help measure and understand the impact of disasters to inform future planning. With Australia's support, in February 2019 Papua New Guinea launched its National Disaster Risk Reduction Framework 2017-30, which aims to achieve substantial reduction of disaster risks and impacts. In June 2019, Emergency Management Australia co-facilitated a workshop involving a cross-section of Papua New Guinea Government agencies to help develop an action plan to implement the Framework.

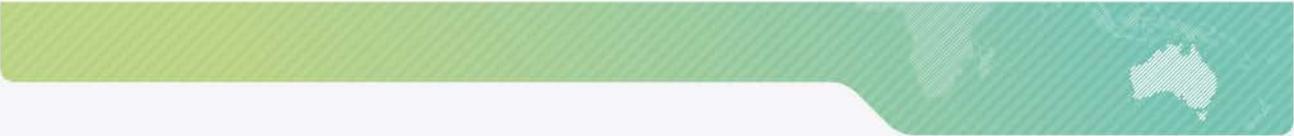
In 2018-19, Geoscience Australia continued to provide support to the Papua New Guinea Department of Mineral Policy and Geohazards Management (DMPGM) in developing fundamental information and practices for the effective response and management of natural hazards. This has included support to Papua New Guinea's Probabilistic Seismic Hazard Assessment and upgrading of the seismic monitoring software for more accurate testing of events.

Following the 2018 Highlands earthquake, Australia's assistance supported almost 250,000 people providing humanitarian relief supplies, health support and protection services for women and children. Since then, Australia has continued to contribute to Papua New Guinea's disaster response efforts, especially through supporting their lead role in coordinating the response efforts and helping to strengthen assessment processes to inform future response needs.

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. Australia's aid delivery in Bougainville is aligned with Papua New Guinea and the Autonomous Bougainville Government (ABG) priorities to support peace, stability and economic growth. An independent strategic review of Australia's Bougainville investments, conducted from February to May 2019, showed that despite the complex environment, the program has made a positive contribution to peace, stability and economic recovery.

In 2018-19, Australia provided \$6.3 million in referendum related support. This funding includes \$4.5 million of support that directly benefits the operation of the **Bougainville Referendum Commission (BRC)** to conduct the referendum. This support is provided through the UNDP Bougainville Referendum Support Project, the International Foundation for Electoral Support and the Bougainville Partnership. In particular, assistance with the voter roll update, ICT, electoral operations and logistics, communications, corporate services, and legal



assistance. Australia also provided indirect referendum support to the value of \$2 million to support awareness and dialogue through the joint Ministerial Post-Referendum Taskforce.

Australia's development assistance to Bougainville is organised along two-tracks: first, a targeted program, underpinned by a design, a performance assessment framework and an annual work plan, to support the objectives of Autonomy and Effective Governance; Economic Development; and Peace, Stability and Community Cohesion (New Zealand provides co-funding against the first two objectives). The second track is through the contributions of our major sectoral programs (transport; law and justice; health; education; and gender). Together, these twin tracks of support combine to channel between \$40 to 50 million of assistance to Bougainville each year. The independent strategic review suggested there is more to do in driving greater coherence between the target program and the contributions of the sectoral programs.

Our work on supporting **autonomy and effective governance** is making progress as expected towards short term outcomes. Capacity development projects within ABG Departments are partially being achieved and slightly increasing in traction now that there is more stability in the ABG Public Service, particularly core central agencies. Support to legislative drafting, legal issues, machinery of government and legal advice regarding the Bougainville Peace Agreement has scaled up. Likewise direct and indirect support to the Bougainville referendum has scaled up in response to emerging needs and requests by the two governments and BRC.

The **economic development** program is progressing as expected towards short term outcomes but no activities were deemed 'fully on track' towards achieving intermediate outcomes. The downgraded progress can be attributed to our engagement in new sectors (poultry and fresh produce) which may have lower economic viability compared with our existing investment in the cocoa sector. Our support for the cocoa sector has improved cocoa production and quality, including through our ongoing support to 26 farmer groups across Bougainville (which directly benefits a total of 1,300 farmers). Whilst there are indications of improved productivity and quality, the program is yet to yield clear evidence of increased household income and access to global markets. However an investment survey at the annual chocolate festival revealed improved market linkages and an optimistic domestic market.

Our economic development assistance also sought to build Bougainville's investment climate, tax and revenue capabilities and business environment. We provided technical assistance resulting in amendments to the Inward Investment Act, as well as capacity building to license inward investment.

Activities under the **peacebuilding and community cohesion** pillar are progressing as expected. Our program has enabled 2,845 cases of intra-district reconciliation to be completed, and of these cases, 1,803 have completed formal mediation and three (out of 13) District Peace and Security Committees have completed at least one mass reconciliation. The Youth Program is supporting livelihoods training for affiliate members of the 17 Urban and District Youth Associations. Going forward the program will seek to improve opportunities for youth to become more engaged in employment and economic development opportunities through greater links with the Commodity Support Facility and the Bougainville Community Grants Portfolio.

In 2018-19, we developed a **Bougainville Referendum Gender Strategy**. The strategy outlines how we will support a post-referendum political settlement that has the best chances to include the views of women and broader community. It was developed in response to the growing awareness, including by some political leaders, of the importance of including women and other groups in referendum and post-referendum discussions. This is based on the recognition that broad participation in the Bougainville Peace Agreement was part of the reason for its success. Our strategy looks to support and build on the messages of these leaders to maximise women's roles, and support women to assume these opportunities effectively.

MUTUAL OBLIGATIONS

In April 2018, Papua New Guinea and Australia agreed to extend our Aid Partnership Arrangement (2016-2017) to allow time to revisit the partnership in light of Papua New Guinea's Medium Term Development Plan III (2018-22) and the maturing bilateral economic partnership. Ministers have now agreed that the new Comprehensive Strategic and Economic Partnership (CSEP) will integrate future development cooperation



priorities, formally positioning the development program as an enabler of our broader economic and strategic objectives. This CSEP process also provides an opportunity to review and rationalise current development cooperation architecture (including Aid Partnership Arrangements and Aid Partnership Talks).

PROGRAM QUALITY AND PARTNER PERFORMANCE

Overview

The quality of Australia's aid program in Papua New Guinea is measured through a performance assessment system that includes partner reporting, a robust internal quality reporting process, independent evaluations, partner performance assessments and systematic monitoring in consultation with partners, including Papua New Guinean counterparts.

The Papua New Guinea development program undertook five independent evaluations that were published during 2018-19, meeting our commitment in DFAT's 2019 Evaluation Policy. Completed and ongoing evaluations for 2019 are listed at Annex C. Each evaluation was undertaken to inform decisions about upcoming investments and to improve implementation. For example, the recommendations made during the Governance Partnership 2018 Annual Review guided the next phase of the partnership, which is being assessed through the 2019 Annual Review.

The Performance Assessment Framework (PAF) reflects the strategic direction for development cooperation set out in the Papua New Guinea AIP 2015-19; 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. A new PAF will be developed in conjunction with the next partnership documentation.

Aid Quality Checks

A total of 17 Aid Quality Checks (AQC) and two Final Aid Quality Checks were completed in the first half of 2019, as part of the annual aid investment quality reporting cycle (see Annex D). The AQC for investments over \$10 million were moderated by a DFAT Assistant Secretary who provided an independent view and ensured contestability. High scores were only given where robust evidence was presented.

Investments under the gender portfolio achieved noticeably high scores, due to the evidence of significant progress made in key areas supported by strong data collected through monitoring and evaluation. Gender mainstreaming across programs also improved, with 82 per cent of investments rated satisfactory or above against the strategic quality standards. Investments Requiring Improvement (IRI) in previous years were found to be performing more effectively and there were no IRIs in 2018-19.

Performance of key delivery partners

Most investments are delivered by commercial organisations or NGOs selected through competitive processes and monitored through clear performance indicators. Some investments are delivered by multilateral banks and international organisations. Delivery of partner performance was assessed through annual performance assessments and internal and external evaluations. We completed 20 performance assessments of partners with agreements worth more than \$3 million, including 18 with commercial managing contractors, one with a multilateral organisation and one with a NGO. The results indicate that our partners are providing effective program support, and that DFAT is achieving value for money through these partnerships.

RISKS

Management of Key Risks to Achieving Objectives

Key risks (emerging and ongoing)	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?	Provide a Risk Rating (low, medium, high, very high)	Are these same risks in in Post's Risk Register (Yes/No)*
Australians perceive the PNG aid program as ineffective, not relevant, poorly targeted or poor value for money	We monitored program performance and ensured senior management oversight of program strategy, performance and communication	We will explore innovative approaches to communicate the work and value add of the aid program. We will continue to establish Performance Assessment Frameworks where relevant, improve monitoring, conduct regular evaluations and risk discussions, and pay particular attention to higher risk investments.	High	Yes
The bilateral relationship with the new Government deteriorates, impacting our ability to deliver the aid program.	We have invested in consistent, strong communication with the PNG Government. We have started building strong relationships with the new Prime Minister and his Ministers.	We will continue to build strong relationships with key Papua New Guinea Government counterparts 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.	We provided ongoing training, regular communication, policy guidance and monitoring of due diligence (fraud, child protection), gender, disability and other policies.	We will continue monitoring safeguards, fraud risks and the effectiveness of control measures, and support staff and partners to strengthen contract management so that program outcomes are put at risk.	High	Yes
Staff capacity and expertise decreases, jeopardising the effective delivery of the program.	We invested in recruitment, short-term missions, training, communication, coordination, paid particular focus to effective desk-post engagement.	Post and Desk will continue to work together, 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

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



MANAGEMENT ACTIONS

To increase the effectiveness of Australian aid to Papua New Guinea, Australia will take the following management actions in 2019-20:

Strategic

- Over the coming months, DFAT will take steps to upgrade the Papua New Guinea -Australia bilateral architecture. This will involve negotiating a Comprehensive Strategic and Economic Partnership (CSEP) with Papua New Guinea. We plan to use this new partnership to capture a new set of development priorities with Papua New Guinea, which will formally integrate development into our broader engagement with Papua New Guinea.
- Develop and implement a whole of government subnational strategy that deepens our engagement in key regions of Papua New Guinea to drive greater coordination of Australia's extensive subnational investments and to support the Government of Papua New Guinea's efforts to improve local governance and service delivery. This will involve examining our response to conflict in the emerging economic corridors in the Highlands.
- Commence a major re-design effort to re-shape our approach to governance support in Papua New Guinea. This will include:
 - reviewing our current over-reliance on technical assistance/training, and develop and implement alternative approaches to capacity development.
 - identifying new strategic entry points for Australian investment to strengthen state-society relationships and enhance accountability between Papua New Guineans and their Government.
- Redesign the Enabling Economic Growth portfolio in order to better align programs with economic and strategic objectives.
- Continue to provide impartial support to the conduct of the Bougainville referendum and post-referendum processes in response to considered needs and requests, and to commence a redesign of our Bougainville program for the post-referendum context.
- Continue efforts to ensure gender equality is addressed and incorporated across all programs.
- Help deliver on the new \$2 billion Australian Infrastructure Financing Facility for the Pacific (AIFFP) with tangible results in Papua New Guinea.

Operational

- Build off our existing relationships with the NEFC, Departments of Treasury and Finance to expand our policy engagement related to subnational financial accountability and transparency.
- Put agreed designs for new health (Papua New Guinea Australia Transition to Health) and education (Education for Prosperity) investments out to tender. These investments will deliver significant outcomes in line with the portfolio plans for both sectors.
- Undertake a 'design update' of the DFAT-funded law and justice program and identify opportunities for Australia to assist with the longer term law and order plan of the Government of Papua New Guinea.
- Complete a new design of the Incentive Fund, to improve its alignment with partnership objectives.
- Commission a Human Development Monitoring and Evaluation service provider, which will provide high-quality advice and independent monitoring and evaluation to Australia's health, and education and leadership investments in Papua New Guinea.

A summary of progress on management responses from 2017-18 is in Annex A.

ANNEX A - PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management actions identified in 2017-18 APPR	Rating	Progress made in 2018-19
Continue to provide high levels of support for PNG's hosting of APEC in 2018.	Achieved	Our support to APEC ensured APEC year in PNG was successful, culminating in the successful Leaders Week in November 2018.
Continue to work throughout 2018-19 with the PNG Government to leverage greater international financing to deliver on its economic, security, infrastructure and social priorities.	Achieved	Australian assistance helped secure USD1.1 billion in finance for the PNG Government through policy-based loans from the ADB and World Bank
Negotiate a new set of development priorities in 2018-19 with the PNG Government which will contribute to broader bilateral economic/strategic partnership objectives.	Partly Achieved	CSEP is under discussion and development priorities will be incorporated into it
Produce a new Aid Investment Plan (AIP) in 2018-19 and accompanying Performance Assessment Framework (PAF) that will drive program alignment with new partnership priorities.	Partly Achieved	The next AIP and PAF are currently under development and will be developed in the context of CSEP
Agree a more strategic and coherent approach in 2018-19 to engaging subnationally across Australia's portfolio of investments in PNG.	Achieved	Our approach to Australia's subnational investment portfolio has improved its strategic intent and is being further expanded.
Revise the PNG 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.	Achieved	The Gender Action Plan was completed and is being used to improve the mainstreaming of gender across investments.
Work with the PNG and Autonomous Bougainville governments and community groups in 2018-19 to provide consistent and impartial support in the lead up to the referendum.	Achieved	We are providing ongoing valuable, impartial support in response to requests from the governments of PNG and BGV, and the BRC
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.	Achieved	A new concept for the Australia-PNG policing partnership has been designed by AFP with our engagement, and we have further integrated policing support across our law and justice sector investments.
Implement the new Health Portfolio Plan in 2018-19.	Achieved	The Health Portfolio Plan has begun implementation 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.	Partly Achieved	The design processes are nearing finalisation
Outline DFAT's future priorities for work on climate change in PNG in a Climate Change Portfolio Plan to be completed in early 2018-19.	Achieved	The Climate Change Portfolio Plan was completed in 2018 and it clearly articulates DFAT's priorities for the sector.
Transition ongoing programs under the new health and education portfolio structures and tender and implement new programs in 2018-19.	Achieved	The transitioning of programs under the new health and education structures has been achieved. The tendering and implementation of new programs has commenced.
Transition the new TSSP managing contractor to ensure the continuing effectiveness of TSSP in 2018-19.	Achieved	The new TSSP contractor has transitioned successfully.
Implement actions to address identified performance issues in the Institutional Partnership Program and the PNG Education Program in 2018-19.	Achieved	Issues affecting programs performance in IPP and the PNG Education Program have been successfully addressed.
Implement agreed recommendations from the QTAG's reviews of the PNG-Australia Governance Partnership, the Precinct and the law and justice program in 2018-19	Partly Achieved	Currently implementing agreed recommendations and will continue in 2019-20.

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

1 Progress towards Performance Benchmarks in 2018-19

Progress towards Performance Benchmarks in 2018-19

Aid objective	Performance Benchmark	Target	Rating	Progress in 2018-19	Target for 2019-20
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)	13,979	Achieved	46,083 (27,249 women, 18,834 men)	33,062
1.2: Improved law and justice services	Number of survivors of violence receiving services, such as counselling** (PAF Indicator 15)	Unavailable at time of reporting	N/A	7,388	Unavailable at time of reporting
	Number of police and law and justice officials trained (PAF Indicator 1)	Total: 5,200	Partially achieved	Women: 945 Men: 2,234 Total: 3,179	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% TBC	Achieved	33%	30%
	Number of poor women and men who increase their access to financial services (PAF Indicator 9)	Total: 34,536	Partially achieved	16,847 (8,997 women, 7,850 men)	4,840 ¹
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: 1,500 km	Achieved	1,703 km	TBC

¹ Targets for EIGG reduced to zero after February 2018 Strategy Testing with Australian High Commission, Port Moresby, targets for Pacific Women not available at time of reporting

Enhancing human development

3.1: The quality of key services and access to education are improved	Number of additional girls and boys enrolled in school	100,000	Achieved	202,034 (108,359 boys, 93,675 girls)	Not available at time of reporting
3.2: 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	Not available at time of reporting

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 - Evaluation Planning

1 LIST OF EVALUATIONS COMPLETED IN THE REPORTING PERIOD

Investment number and name	Name of evaluation	Date completed	Published on website
INM228 Institutional Partnership Program	Institutional Partnerships Program review	July 2019	October 2019 (TBC)
INL477 PNG Governance Facility	Governance Youth Programs (City Mission/Gini Goadu/UYEP)	September 2019	December 2019 (TBC)
INL477 PNG Governance Facility	Church Partnership Program mid-term review	June 2019	September 2019
INM116 PNG Disaster Risk Reduction Program	Independent Review of the "Strengthening Disaster Risk Management in PNG" project	January 2019	April 2019
INL610 Pacific Leadership and Governance Precinct Program	Pacific Leadership and Governance Precinct (Precinct)	February 2019	September 2019

We are currently working on a list of planned evaluations for 2020.

ANNEX D - AID QUALITY CHECK RATINGS

1 AQC RATINGS

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Australia Awards PNG	\$185.0m 2016-26	2019 AQC		5	5			5
		2018 AQC	5	4	5	4	5	5
Education Capacity Development Facility	\$277.6m 2011-20	2019 AQC		4	4			4
		2018 AQC	4	3	3	3	3	4
Health Capacity Development & Service Delivery	\$349.4m 2011-20	2019 AQC		4	4			4
		2018 AQC	4	4	5	3	4	4
PNG Health & HIV Multilateral Partnerships	\$16.5m 2013-20	2019 AQC		4	4			4
		2018 AQC	5	4	5	4	5	4
Transport Sector Support Program – Phase 2	\$463.5m 2013-22	2019 AQC		5	4			4
		2018 AQC	5	4	5	4	4	4
Incentive Fund Phase IV	\$100.3m 2015-21	2019 AQC		5	5			5
		2018 AQC	6	5	4	5	5	5
Justice Services Stability for Development	\$91.2m 2015-20	2019 AQC		4	4			5
		2018 AQC	5	4	4	3	4	5
Combating corruption in PNG	\$7.9m 2014-21	2019 AQC		5	4			3
		2018 AQC	5	5	5	5	5	4
PNG Governance Facility	\$419.4m 2014-20	2019 AQC		4	4			4
		2018 AQC	4	4	4	4	4	3
Quality Technical Assurance Group	\$3.8m 2017-20	2019 AQC		4	4			4
		2018 AQC	n/a	n/a	n/a	n/a	n/a	n/a

AQC RATINGS CONTINUED

Investment name	Approved budget and duration	Year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Economic Governance and Inclusive Growth	\$13.6m 2017-20	2019 AQC		4	4			4
		2018 AQC						
Gender Equality / Gender Based Violence	\$63.3spm 2008-20	2019 AQC		5	6			6
		2018 AQC	6	5	5	5	5	5
Sports for Development	\$7.5m 2015-19	2019 AQC		5	5			4
		2018 AQC	5	4	4	3	5	5
Climate Change Portfolio	\$9.8m 2018-22	2019 AQC		4	4			4
		2018 AQC	n/a	n/a	n/a	n/a	n/a	n/a
Bougainville Programming	\$18.5m 2014-20	2019 AQC		4	4			4
		2018 AQC	4	4	5	4	3	4
Kokoda Initiative	\$43.1m 2008-20	2019 AQC		4	3			3
		2018 AQC	5	4	4	3	3	3
Institutional Partnership Program	\$63.0m 2017-20	2019 AQC		4	4			3
		2018 AQC	4	3	3	2	3	2
PNG Partnerships Fund	\$150.0m 2017-20	2019 AQC		4	4			4
		2018 AQC	n/a	n/a	n/a	n/a	n/a	n/a

2 HAQC RATINGS

Investment name	Approved budget and duration	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Connectedness	Gender equality	Protection
Highlands Earthquake response	\$3.7m 2018-29	5	4	4	4	3	5	4

3 FAQC RATINGS

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
PNG Microfinance Expansion Project	\$25.4m 2014-18	4	4	4	3	3	4	4
PNG National Museum and Art Gallery	\$4.0m 2014-18	4	5	5	3	4	4	3

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.

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	2019-20 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 (women 7,727, men 9,374)	46,083 (27,249 women, 18,834 men) Target was 13,979	33,062 ²
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)	819 (305 women, 514 men) Target was 560	840
Sub-objective: Integrating partnerships to improve access to services				
3. Number of partnerships	103	131 Target was 132	633, Target was 134	116
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)	1,190,728 (582,792 women, 607,936 men) Target was 411,463	32,188 ³
Sub-objective: Effective law and justice system				
5. Number of women and men with greater awareness of legal rights and responsibilities	25,400	25,373 Target was 25,400 (women 17,744 men 7,629)	149,083 (gender data unavailable) Target was 25,000	140,000
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	1,981 km	1,703 Target was 1,500 km	1,500
Sub-objective: Catalyse inclusive economic growth				
7. Value of private sector investment leveraged (AUD)	\$4,000,000	\$4,380,151	\$7,381,813, Target was \$4,000,000	\$3,000,000 ⁴
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	\$451,328,449, Target was \$67,000,000	\$90,000,000 ⁵
9. Number of women & men with better access to financial services	46,000	59,217 (women 30,912, men 28,305)	16,847 (8,997 women, 7,850 men) Target was 34,536 ⁶	6,440 ⁷
10. Number of women and men with better access to markets	324,459	964,470 (women 498,285, men 498,185)	1,047,791 (504,210 women, 543,581 men) Target was 1,015,159	900,000

² Gender targets not available at time of reporting

³ Gender and Health targets not available at time of reporting

⁴ Targets for EGIG reduced to zero after February 2018 Strategy Testing with Australian High Commission, Port Moresby. Gender targets unavailable at time of reporting

⁵ Gender targets unavailable at time of reporting.

⁶ Targets for EGIG reduced to zero after February 2018 Strategy Testing with Australian High Commission, Port Moresby.

⁷ Targets for EGIG reduced to zero after February 2018 Strategy Testing with Australian High Commission, Port Moresby. Gender targets unavailable at time of reporting.



Strategic Objective 3: Enhancing human development				
Sub-objective: More effective education service delivery system				
11. Number of women and men (by province) graduating from Australia Awards, APTC and Fellowships	791 (2016)	839 (398 women and 441 men)	1,120 (467 women, 653 men) Target was 575	90 graduates In-Australia long-term; 250 In-PNG graduates; 150 short course graduates
Sub-objective: More effective health security systems and health services				
12. Couple years protection in Eastern Highlands, Bougainville, Morobe and National Capital District	104,000	104,157 Target was 160,000	133,308 Target was 200,000	56,000
13. Percentage of tuberculosis patients in Western Province retained in treatment	99%	99% (Target was 85%)	99% Target was 85%	85%
Sub-objective: Gender equality and women's empowerment				
14. 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)	7,388 Target was unavailable at time	Target unavailable at time of reporting
15. 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	16,701 Target was 60 ⁸	165,550
16. 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	Work on new Aid Investment Plan and Performance Assessment Framework has commenced.	New AIP and PAF to be completed
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*				
17. 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)	38,802 Papua New Guinean arrivals in Australia (short term movements) Figure unavailable for Australian departures for Papua New Guinea (short term movements)	
18. 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	Figure unavailable at time of reporting	

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

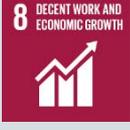
*Target unavailable at time of reporting.



19. Value of trade between Australia and Papua New Guinea (as goods, services)	\$5.3 billion in 2016	\$5.9 billion in 2017	\$5.8 billion in 2018	
20. 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	Figure unavailable at time of reporting	
21. Foreign Investment Stock	\$18 billion in 2016	\$16.3 billion in 2017	\$16.9 billion in 2018	
22. Number of institutional partnerships	16	13	11	
23. Number of twinning/short term arrangements	3	5	3	

A new Performance assessment Framework (PAF) is currently under development for the new AIP.

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 INDUSTRIE, INNOVATIE EN INFRASTRUCTUUR</p>	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation		