



Aid Program Performance Report 2012–13 Papua New Guinea

Key messages

This Aid Program Performance Report (APPR) summarises the Australian aid program's progress in Papua New Guinea (PNG) from January 2012 to June 2013.

The goal of Australia's aid program in PNG, espoused in the PNG – Australia Partnership for Development, is for both countries to work together to improve the quality of life of all Papua New Guineans. This is consistent with the fundamental purpose of Australia's aid program: to reduce poverty.

PNG is a close regional partner and our closest neighbour, so it is in Australia's national interest to promote its stability and prosperity. Australia's assistance to PNG focuses on four jointly agreed priority areas reflected in the Partnership for Development—education, health and HIV/AIDS, law and justice, and transport infrastructure.¹ Australia supports initiatives to strengthen democratic systems and economic and public sector reform at national and sub-national levels. This support is essential to improved service delivery in the agreed priority sectors. Australia also promotes gender equality and disability inclusiveness across all programs in PNG. This APPR assesses program performance against the Partnership for Development objectives.

The Partnership for Development forms part of a broader bilateral relationship between PNG and Australia, which includes cooperation on trade, immigration and regional security. Australia attaches great importance to the economic, trade and investment relationship with PNG. Reflecting Australian and PNG government commitments to closer cooperation, the prime ministers of both countries signed a Joint Partnership Declaration in May 2013, affirming commitment to deepening ties and working together in the region to benefit from the opportunities presented by the Asian Century.² The prime ministers also announced the enhancement of bilateral defence links through a new Defence Cooperation Arrangement and future cooperation on several development-related activities, including:

- > starting Phase III of the PNG – Australia Policing Partnership, which will see enhanced Australian support for the modernisation and reform of the Royal PNG Constabulary (RPNGC)
- > launching the PNG Women in Business Initiative, which will support PNG businesses to enhance the status of women in workplaces and improve economic opportunities for women (an initial program under the Pacific Women Shaping Pacific Development initiative announced by Australia's Prime Minister at the Pacific Island Forum Leaders' meeting in 2012)

¹ These priorities are in line with PNG's Medium Term Development Plan 2011–2015 and Australia's *An Effective Aid Program for Australia: Making a real difference—Delivering real results*

² <http://asiancentury.dPMC.gov.au/>

- > assisting PNG to cost and plan for future infrastructure management and procurement, as well as supporting PNG to establish an Infrastructure Development Authority by 2015
- > having PNG delegate health procurement to Australia as a precursor to establishing an Independent Health Procurement Authority by 2015.

Australia's development partnership approach with PNG involves a three-pronged strategy. This strategy sees Australia:

- 1 supporting direct service delivery to the poorest and most vulnerable population groups in the short term
- 2 helping PNG to undertake key public sector reforms to strengthen its governance and service delivery systems over the long term
- 3 helping to generate greater public demand for accountability and services in recognition that only PNG can bring about its own transformation through democratic processes.

Australia is also improving its research and analysis to inform program decisions and support the PNG Government to improve the effectiveness of its own development expenditure.

PNG's political disorder of late 2011, including uncertainty over its leadership, flowed into early 2012. This negatively impacted on the functioning of government up to and during the elections held in June and July 2012. Following the elections, the new coalition government, led by Prime Minister Peter O'Neill, quickly outlined PNG's priorities for the coming five years by announcing the Alatu Accord, which highlights the importance of: enhancing economic growth and service delivery; prioritising legislative reform, providing free basic education and healthcare, building new infrastructure, and improving law and order.

The new government is contending with real challenges. Despite 11 consecutive years of economic growth, PNG still has the Pacific's highest child and maternal mortality rates, and life expectancy is among the lowest in the world. Public sector capacity remains weak and government revenues are not translating to better services or a better quality of life for most Papua New Guineans. Prime Minister O'Neill has made strong public statements on anti-corruption reforms, which will require sustained government commitment to ensure corruption levels are reduced. PNG's 2013 National Budget increased allocation to Partnership for Development priorities and significantly increased the budget (from 2 per cent to 13 per cent) directed to sub-national governments to improve service delivery. However, weak sub-national capacity and bottlenecks in PNG's financial and procurement systems remain major impediments to services reaching Papua New Guineans.

This challenging operating environment continues to affect the delivery of Australia's aid program, particularly where Australia relies on PNG government commitment, including procurement reform. With aid equivalent to 7 per cent of the PNG Budget, expectations about the impact of Australian aid must be more realistic and objectives set accordingly. Successes and failures in the Aid Program are only contributing factors in PNG's own development.

Progress against the Partnership for Development targets in 2012–13 was mixed:

- > The Health and HIV/AIDs Program made significant progress towards partnership targets, including delivering essential medicines to approximately 2000 health facilities, delivering almost 20 000 supervised births, increasing levels of child immunisations, and reducing the spread of communicable diseases such as tuberculosis (TB), malaria and HIV. While the PNG Government increased funding to the health sector, some important areas remain underfunded, such as the health workforce and TB. The World Health Organization (WHO) says the best approach to combatting TB is to detect cases early and treat people daily in their own communities. Australia's strategy has been endorsed by TB experts including the WHO, Australia's Chief Medical Officer, Queensland's Chief Health Officer and an independent expert. The program has demonstrated some good results, including

reducing deaths of patients at Daru Hospital as a consequence of drug-resistant TB by 75 per cent in 2012. The PNG Government has committed to, but not yet fully implemented, medical supplies procurement reforms which are vital to the effective functioning of health services.

- > The Education Program has made some progress, including contributing support funds to the PNG Government's commitment to fee-free education, and building infrastructure that has resulted in 6400 children attending school in new classrooms. The PNG Government has prioritised education reform, demonstrated by its funding of free universal basic education. However, the sudden announcement of these reforms in 2011 was followed by slow implementation, with schools unprepared for the large increase in school enrolments and a lag between enrolments increasing and subsidies flowing. Schools remain constrained by ongoing debate over the national curriculum and a critical lack of well-trained teachers. This presents a significant challenge to raising education quality. Once decided, curriculum reform will be a long-term undertaking. With extremely low literacy levels across PNG, improving education quality remains a key partnership priority. PNG did not increase its investment in higher education, so Australian funding for tertiary education under the kina-for-kina agreement was not activated.
- > The Law and Justice Program saw progress on strengthening the police force and servicing victims of family and sexual violence (FSV). Law and justice agencies, supported by Australia, have made improvements in processes, systems and skills. The stability of the national elections also demonstrated PNG's ability to manage law and order. However, across the law and justice sector, there is little evidence of significant and sustainable improvements in PNG's ability to deal with generalised poor security, high crime levels, transnational crime, corruption, and violence against women, tragically evidenced by ongoing high levels of violence, including sorcery-related violence. The PNG Government has indicated ongoing commitment to law and justice priorities through additional funding for the RPNGC announced in February 2012—a 78 per cent increase in funding for village courts in the 2013 Budget—and anti-corruption reforms.³
- > The PNG Government significantly increased its appropriations for new infrastructure, but institutional capacity for implementation is limited, and development budget increases have not been matched by recurrent budget increases for maintenance. However, PNG and Australia are on track to meet the Partnership for Development target of ensuring 75 per cent of 16 priority national roads are in good condition by 2015.
- > Gender is tracking poorly against most indicators. While three women were elected to Parliament in 2012, the bid for 22 designated seats for women stalled. Australia and PNG have made little progress on gender equality issues, except for some success increasing access to justice services for victims of FSV. Elementary enrolment rates have met the target gender parity index of 0.97, while primary education is behind at 0.87, secondary level at 0.78 and tertiary at 0.70.
- > The Framework for Australian Aid to the Autonomous Region of Bougainville 2013–15 (Bougainville Aid Framework) was developed, in consultation with the national and Bougainville governments, to improve program coherence and effectiveness.
- > Governance programs struggled to demonstrate evidence of progress at the macro level with continued low capacity within government institutions despite substantial support. Australia will modify its strategy on governance to be more effective and targeted on

³ The interagency anti-corruption taskforce was established and public commitment made to establish an anti-corruption commission. While the public commitment to strengthen anti-corruption measures is encouraging, it needs to be matched with actions that will effect change.

service delivery blockages. This will include a focus on working beyond central government, with civil society and other non-state actors.

- > Data on development outcomes continued to be a significant challenge, despite recognition by Australia and PNG of the value of statistics to evidence-based policy.

The ratings in Table 1 indicate the Australia – PNG program’s overall progress against joint objectives, not the progress of each sector.

Table 1 Rating of the program's progress towards the objectives

Objective	Current rating	Previous rating
Improved health and HIV/AIDs outcomes	Green	Amber
Improved access to quality education		
> improved access to quality education at all levels	Amber	Green
> Australia Awards and Australia-Pacific Technical College (APTC)	Green	Green
Improved law and justice	Amber	Amber
Improved transport services to facilitate social development and economic growth.	Green	Green
Strengthened national and sub-national public sector	Red	Amber
Strengthened democracy	Red	Amber
Gender equality and women’s empowerment	Red	Red
Bougainville	Amber	Not rated
Crosscutting:		
> climate change, disaster risk reduction and disaster responsiveness	Amber	Amber
> disability-inclusive development	Amber	Amber

Note:

■ Green: Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber: Progress is somewhat less than expected for this point in time 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 for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Context

Development

PNG is a lower middle income country with an economy that has grown for more than a decade. However, growth has not translated into equitable service delivery and improved living standards for all Papua New Guineans. PNG is not on track to reach any Millennium Development Goal targets by 2015.⁴ In 2012, PNG ranked 156 out of 187 on the Human Development Index.⁵ Based on the draft 2009–10 Household Income and Expenditure Survey, around 2.8 million Papua New Guineans are judged to be poor, representing 39.9 per cent of the population.⁶ The rate of poverty roughly equates to what it did in 1996.⁷ Inadequate

⁴ Pacific Islands Forum Secretariat (2012), *Millennium Development Goal Tracking Report*.

⁵ United Nations Development Programme (2013), *Human Development Report*.

⁶ World Bank (2012), National Household Income and Expenditure Survey 2009–2010; PNG Government, World Bank – PNG Country Partnership Strategy 2013–2016.

transport infrastructure, poor access to quality education services, unsatisfactory health services and limited employment opportunities are among the major constraints to PNG citizens climbing their way out of poverty. PNG also lacks a safe, secure and stable environment in which citizens, communities and businesses can conduct affairs freely. These basic constraints underpin development and must be overcome if poverty is to be significantly reduced. These issues are the focus of PNG's Medium Term Development Plan 2011–15 and the Australia – PNG Partnership for Development.

PNG is in transition. It is undergoing economic growth and rapid population growth.⁸ Approximately 40 per cent of its population is estimated to be younger than 15 years of age. A drift to urban centres over the last decade has gradually increased informal settlements. Despite this shift, around 85 per cent of the population still live in rural and remote settings.⁹ A young and more mobile population, combined with high underemployment, has social impacts. These include problems in law, justice and security, pressures on infrastructure and schooling, and the spread of infectious diseases. Improvements to roads, law and order, education, and health services are critical to improving how formal and informal employment sectors function, and assisting Papua New Guineans to earn a living.

Security remains a major impediment to PNG's ability to generate private sector development and economic opportunity in-country. Crime rates are very high by international standards and characterised by serious levels of violence, including domestic and sexual violence. Sorcery-related violence is also increasingly prevalent and tribal conflicts are endemic. PNG has one of the highest rates of violence against women in the world. A large proportion of PNG's young and growing population is increasingly marginalised through urbanisation and a lack of formal job opportunities. Low levels of literacy, geographic and financial constraints mean it is difficult for many people to access formal justice services. Decades of under-resourcing has led, for example, to a police-to-population ratio that is three times higher than the United Nations (UN) average recommended ratio (PNG is approximately 1:1350 while the UN's recommendation is 1:450).

Gender remains a critical development issue in PNG. Family and Sexual Violence (FSV), limited employment opportunities, limited access to health and education services, and low levels of representation in political and decision-making roles are some of the ongoing challenges faced by women and girls. According to the 2013 United Nations Development Programme (UNDP) Human Development Report Gender Inequality Index, gender inequality in PNG has led to a 61.7 per cent loss in potential human development, ranking PNG 134 of 148 countries.¹⁰

PNG faces significant geographic, social, economic and institutional challenges (including political commitment and technical capacity) to addressing poverty. There are also some strong development opportunities on which PNG can capitalise. The construction boom associated with liquefied natural gas (LNG) project construction, and revenues derived from high prices for minerals and agricultural products, have delivered robust economic growth. However, the boom is expected to slow over the next few years. PNG also has an opportunity to benefit from a stable government, with the current government potentially secure in office until at least February 2015. While the political environment remains complex, this stability is

⁷ However, according to World Bank calculations, the poverty rate rose to 53.8 per cent in 2003, reflecting poor economic growth between 1996 and 2002. The decline in the poverty rate from 2003 to 39.9 per cent in 2009–10 is consistent with strong performance in the construction and mining sectors, and the relatively good performance of agricultural exports.

⁸ In 2012, GDP Growth was 8.0 per cent and population growth was 2.2 per cent according to the World Bank's World Development Indicators.

⁹ World Bank – PNG Country partnership strategy 2013–2016.

¹⁰ UNDP, *Human Development Report 2013*, Gender Inequality Index, p. 156.

an opportunity for the PNG Government to deliver without the constant distraction of internal instability. In 2012, civic demand for democracy was evident, illustrated by public pressure that the national elections be held on time. New technology is giving more people access to information and in some instances assisting them to increase public pressure to hold timely elections.¹¹

The PNG Government is expected to earn in excess of US\$22 billion in revenue from the LNG project.¹² It will need to invest this revenue wisely to develop non-mining sectors of the economy and improve service delivery to more Papua New Guineans. Widespread, systemic corruption and administrative inefficiency has led to PNG losing many benefits of the mining boom over the past decade. Despite the efforts of strong political and public service leaders, political and public sector institutions remain weak and are not held accountable when public funds go missing. Improvements to transparency and accountability will be instrumental in reducing poverty in PNG.

Politics

PNG was politically tumultuous in the lead up to its 2012 General Election. At one point, the country had two prime ministers, two governors general, two defence force chiefs, and two police commissioners. This undermined core government functions. However, PNG's institutions did not collapse, even with leaders experiencing great pressure, and the election occurred without widespread violence.¹³ The eighth national PNG elections held June to July 2012 resulted in the formation of the current coalition government in August 2012.

More than 3400 candidates nominated for the national election, the highest number ever. Efforts to pass legislation to reserve 22 seats in Parliament for women failed to garner sufficient support. However, three women were elected to the ninth Parliament. The People's National Congress Party won the most seats, and Prime Minister O'Neill was invited to form government. Prime Minister O'Neill and former prime minister Sir Michael Somare overcame a number of differences to form a coalition government with several minor parties.

The O'Neill Government quickly outlined PNG's priorities to 2017, centering on improved economic growth and service delivery, including priorities in legislative reform, free basic education and healthcare, new infrastructure and improving law and order. Included in the reforms was a proposed review of PNG's Constitution. Establishment of a National Anti-Corruption Strategy Task Force was announced and the government indicated it would strengthen police and defence forces. Relations between the government and judiciary, tested during 2011–12, improved. In November 2012, the government passed the 2013 National Budget, with planned expenditure of \$6 billion (K13 billion). It included significant increases in disbursements at provincial and district levels, including for free education, health services and infrastructure maintenance.

PNG is now led by a generation of politicians who think and operate differently, referred to by some as the 'post-Independence generation of politicians'. New ideas about PNG's future and an increased receptiveness to policy reform are evident. Education reform is a hallmark issue for the current leadership, and there is a clear focus on infrastructure development to enable economic growth. The newly introduced, 30-month grace period before a motion of no-

¹¹ For example, up to 10 000 people coordinated themselves to gather in Waigani to protest the proposed deferral of the general election on 10 April 2012 (D Cave, *The Interpreter*, 11 April 2012, Lowy Institute).

¹² PNG Government, 2012 National Budget, vol. 1, p. 159.

¹³ Notwithstanding, there were serious concerns about the credibility of PNG's 2012 General Election, considered to be worse than its 2007 General Election.

confidence can be passed provides the O'Neill Government with a window of opportunity to introduce significant, long-term reforms.

With new policies come new opportunities for Australia to engage. Notwithstanding this, the PNG Government comprises a broad coalition, the management of which will require compromise. It remains to be seen if the government can move beyond the rhetoric to implement concrete actions benefiting millions of poor and marginalised Papuan New Guineans.

Economy

PNG's economy grew by an estimated 9.2 per cent in 2012¹⁴, the 11th consecutive year of positive growth. The key driver of strong growth continues to be LNG project-related construction activity. Strong demand has spilled over into related sectors, including transport, storage, communication, and wholesale and retail trade, resulting in continued growth of formal employment, particularly in the retail trade sector. Since 2006, agricultural exports have seen relatively good growth (also buoyed by high international prices) and are contributing to improved cash incomes for many rural Papua New Guineans.

Strong global demand for PNG's commodities, combined with the government's prudent fiscal policies, resulted in significant improvement in PNG's macroeconomic fundamentals over the past decade. Total public sector debt declined from 72 per cent of gross domestic product in 2002 to 26 per cent in 2012, and external reserves increased from 6.9 months to 15.9 of non-mineral imports over this period. The economy's strength has seemingly instilled a sense of confidence in the O'Neill Government, demonstrated by its expansionary 2013 National Budget.

The economy's strong performance in 2012 was moderated by the following factors:

- > emerging weakness in agriculture, forestry and fisheries sectors with the PNG Treasury estimating a deceleration to 0.2 per cent growth in 2012¹⁵ (following strong growth of 8.1 per cent in 2011), reflecting lower agricultural commodity prices for Arabica coffee, copra and palm oil prices in 2012
- > slowing expansion in the mining, gas and petroleum sector with existing projects reaching maturity before production from new projects, including the Ramu Nickel mine and the LNG project, could come on stream
- > continuing economic uncertainty in Europe, as well as slowing demand from China for commodities (which could result in lower-than-expected commodity prices, lower government revenue and reduced exploration and capital expenditure).

Given the structure of PNG's economy, including its large informal sector, high underemployment is an appropriate description of employment levels in PNG. Looking ahead, the International Monetary Fund predicts the PNG economy will expand by 4 per cent in 2013¹⁶, with an expected slowdown of government revenues for 2013 and 2014. The government intends to return the budget to surplus by 2017¹⁷, which would require expenditure levels to be more or less constant in real terms from 2014 to 2017. In this context, large increases in PNG government funding for the priority areas under the Australia – PNG Partnership for Development are not anticipated. Our focus will be on improving strategic

¹⁴ PNG Government, 2013 National Budget, vol. 1.

¹⁵ PNG Government, 2013 National Budget documents.

¹⁶ International Monetary Fund, World Economic Outlook database.

¹⁷ PNG Government, 2013 National Budget, vol. 1, 2013–17 Medium Term Fiscal Strategy.

prioritisation within partnership sectors to enhance the quality of spending and implementation in priority areas.

PNG National Budget

The 2012 National Budget, as tabled, comprised a modest 6.4 per cent increase in expenditure and an overall balanced budget (compared to a small deficit in 2011). However, with lower-than-expected taxes from the mining and petroleum sector, a deficit of 1 per cent of gross domestic product was reported in the Treasury's Final Budget Outcome Report. Total expenditure was also lower than budgeted due to shortfalls in expenditure on the development budget.

Looking forward, the 2013 National Budget marks a departure from previous budget strategies, encompassing a 23 per cent increase in total expenditures (to K13 billion) and an estimated budget deficit of K2.5 billion (equivalent to 7.2 per cent of gross domestic product). The 2013 budget strategy is partly justified on the assumption that increased government expenditure is required to offset an expected decline in private sector activity (associated with a tapering-off of LNG project-related construction). However, to ensure ongoing macroeconomic stability, it is important that the government meets its commitment to return the budget to surplus by 2017.

Arguably the 2013 National Budget's most important initiative is the K1.5 billion for direct grants to sub-national governments, representing 13 per cent of total national budget expenditure, up from 2 per cent in 2012. Importantly, provinces, districts and local governments will receive increased direct transfers.¹⁸ However, it is not yet clear how these funds will be managed or implemented across the different levels of government and significant implementation risks are compounded by weak public financial management systems. Further analysis is required to ensure these risks can be mitigated and that Australia's continued support for better governance for sub-national governments will support improved service delivery outcomes.

Donor context

Australia remains the largest donor in PNG. Australian aid comprises 66 per cent of all official development assistance and 7 per cent of total government expenditure (2013 estimates). The World Bank invests in several sectors in PNG, focusing on infrastructure and road access, agriculture, telecommunications and renewable energy. The World Bank also plays a niche role in social sectors including education, health, and social protection. The Asian Development Bank (ADB) focuses on infrastructure, state enterprise reform, trade and public financial management, microfinance and health. The European Commission concentrates on rural economic development and human resources development (including basic education and vocational training). With donor coordination, the Department of Foreign Affairs and Trade (DFAT)¹⁹ and the UN Resident Coordinator co-chair monthly Development Partner Roundtable meetings, attended by heads of bilateral and multilateral organisations. Australia also holds regular coordination meetings with the World Bank and the ADB on joint operations in PNG. However, Australia and other donors recognise there is room to improve coordination efforts, particularly at sector level.

¹⁸ PNG Government, 2013 National Budget, vol. 1. Each of the 22 provinces will receive K5 million per district; each district will directly receive K10 million; and each local level government will receive K500 000.

¹⁹ DFAT is the main government agency implementing Australian aid in PNG.

Partnership for Development strategy

The PNG – Australia Partnership for Development defines core principles of mutual cooperation between both governments and guides the implementation of Australia’s aid program in PNG. Australian and PNG government ministers meet annually to review partnership priorities. A number of jointly commissioned independent reviews²⁰ provided direction in 2011 to both governments. These reviews were used to map the future of the Partnership for Development. For Australia, this included:

- > reducing the use of advisers and improving their effectiveness—181 advisers were phased out by the end of 2012 in line with the recommendations of the *Joint Adviser Review Report*²¹
- > improving the effectiveness of advisers
- > narrowing the focus of Australian assistance to a few key sectors
- > adopting greater emphasis on direct service delivery
- > ensuring clearer demonstration of results.

New program directions were formalised in 2011 through revised Partnership for Development schedules consolidating Australia’s investment in these core areas:

- > education, including higher education
- > health and HIV/AIDS
- > transport infrastructure, particularly roads
- > law and justice.

Both governments recommitted to these priorities during the 2012 Partnership for Development Dialogue and 21st Australia – PNG Ministerial Forum. PNG ministers highlighted the new government’s priorities in infrastructure, tertiary education, referral hospitals, local and provincial governments and small business, and expressed desire that the aid program increasingly reflect these themes, within the partnership’s existing priorities. In particular, Australia and PNG agreed to work together on a new delivery method for the *Strongim Gavman Program*²² that is responsive to PNG needs and well aligned with PNG government current priorities. These priorities will be deliberated at the 2013 ministerial forum.²³ In 2012–13, Australia will spend \$180 million on infrastructure (37 per cent of the aid program), not just for roads, but to build and maintain health centres, schools and law and justice facilities. The Australian Prime Minister visited PNG in May 2013 and signed a Joint Declaration for a New Papua New Guinea – Australia Partnership with PNG’s Prime Minister,

²⁰ Including the *Review of the PNG – Australia Development Cooperation Treaty*, http://aid.dfat.gov.au/Publications/Pages/7121_4186_4801_3795_5658.aspx (see next footnote).

²¹ The Australian Government is committed to achieving better results from the aid program. In 2010, Australia and partner countries undertook a review of adviser positions funded directly by the Australian Government’s aid program. The results were published in February 2011. <http://aid.dfat.gov.au/Publications/Documents/adviser-review-feb2011.pdf>

²² The *Strongim Gavman Program* (Tok Pisin for ‘strengthening’ or ‘empowering’ government) works to strengthen public sector performance and accountability in PNG. <http://aid.dfat.gov.au/countries/pacific/png/Pages/initiative-strongim-gavman.aspx>

²³ PNG and Australian government ministers meet annually to discuss the aid program and other bilateral issues.

emphasising respect for democratic values and common interest in peace, stability and prosperity in the Asia Pacific region.²⁴

Australia is designing aid investments to not only have an impact on the supply of services and accountability but to support local demand for these. Australia engages with a range of partners towards this goal. Civil society is an important partner in delivering many of Australia's programs in PNG. Civil society partners can be powerful agents for change in PNG in delivering better services, enabling social inclusion and assisting all levels of the government to enhance effectiveness, accountability and transparency. Australia's aid program is also improving the PNG government's ability to work with Australian and PNG businesses to improve poverty reduction and service delivery outcomes. This engagement involves identifying areas of mutual interest, holding discussions on development priorities and working to identify practical areas for cooperation, particularly in service delivery. Australia's increasing emphasis on business and civil society engagement necessitates continued strengthening of our capacity to design sector programs which partner effectively with these actors.

Reform agendas

In 2012–13, key reform areas emerged for future cooperation between PNG and Australia to support progress toward the partnership's overall objectives. Australia is engaging with PNG's new generation of political leaders on reform areas, and responding to demand for evidence-based advice to guide policy decisions. While some progress was made on the following key areas of reform in 2012-13, ongoing cooperation will be required to meet partnership objectives:

- > Procurement systems, which continue to undermine progress toward development outcomes in PNG. Ongoing high-level political commitment is necessary for reforms to succeed, despite entrenched obstacles. Australia's approaches to support procurement reform will differ between sectors and are supported by the Aid Program's governance investments. PNG has already made good progress, with Australian support, towards establishing more transparent and effective procurement in some sectors, such as through the Independent Health Procurement Authority and Infrastructure Development Authority.
- > Corruption, which remains an obstacle to service delivery. In 2012, PNG and Australia signed a joint statement on zero tolerance to fraud, which commits to improving PNG's anti-corruption measures. This includes implementing the National Anti-Corruption Strategy and strengthening the capacity of PNG law enforcement agencies to tackle corruption. Substantial action is required for genuine impact.
- > Preparation of the 2013 National Budget, which directly affects service delivery and poverty in PNG. Throughout 2012, Australia engaged with the PNG Government on preparations for the 2013 National Budget. While the PNG Government has broadly met its commitments under the Partnership for Development at aggregate level, specific budget allocations to some programs are insufficient from Australia's perspective, including those focusing on higher education and education quality, TB, health procurement, health workforce, some law and justice bodies and gender equality. Australia will seek to enhance high-level budget discussions with PNG in preparation for the 2014 PNG Budget.

²⁴ During the visit, Australia's Prime Minister launched the Pacific Women in Business initiative to establish a mentoring program to assist women to access management positions and tackle violence against women. The Prime Minister also announced the start of Phase III of the PNG – Australia Policing Partnership, which will see enhanced Australian support for modernising and reforming the RPNGC.

- > The PNG Government's aim to increase transparency and accountability of government revenue collection and expenditure. Australia continued to support the PNG Government's aspirations and, in 2009 for example, both countries agreed on a Joint Understanding to assist the Government of PNG to manage specific governance issues related to the LNG project. Australia is providing advice on implementing the Sovereign Wealth Fund to help PNG manage LNG and other mineral resource revenues in a transparent and effective way. Australia has assisted with drafting the legislation required to establish the Sovereign Wealth Fund and has provided advice on the establishment of the Infrastructure Development Authority. On 18 March 2013, PNG's National Executive Committee approved the proposal that PNG seek candidate status in the Extractive Industries Transparency Initiative. The Treasurer made a public statement of PNG's commitment to the initiative. Australian advisory support through the *Strongim Gavman Program* is assisting PNG with this.
- > The substantial redistribution of funds to district members of parliament, which continues to present challenges at sub-national level. Risks are associated with increasing direct transfers to sub-national government authorities, including likely delays in funding approvals and releases of funds; developing capacity to manage and administer increased funds; and potentially greatly limited accountability and transparency. Significant additional work is required to mitigate these risks.
- > Progress against PNG's own development targets, which continues to be almost impossible to measure without credible data. The lack of systems to produce, monitor and analyse credible data inhibits the development of the evidence-based policy required to reduce poverty in PNG. Improving the ability to monitor progress against development goals requires strong commitment from PNG and Australia so both countries can make the best decisions towards poverty reduction.
- > Ensuring Australian investments benefit the poorest and most marginalised. One way the Aid Program is achieving this is through the implementation of impact studies (at various stages of implementation). The information yielded will assist programs to work in an increasingly complementary and integrated way towards pro-poor outcomes, particularly for the rural poor.
- > Gender equality and disability services, which continue to be key areas of policy engagement for Australia. Despite positive public messages from the PNG Government on gender equality, Australia must continue to work with the PNG Government to implement commitments. The widespread changes needed require strong PNG leadership and action. Australia will continue to strongly advocate for action in these areas.
- > PNG government commitment to greater transparency of resource revenues²⁵, which is positive and creates potential for greater cooperation with Australia's Mining for Development initiative. This initiative supports developing countries to transform their resource endowments into inclusive and sustainable economic growth.

Bilateral expenditure

A summary of financial expenditure of Australia's aid program to PNG for this APPR is provided in two periods—one for January 2012 to June 2012 (Table 2A) and one for 2012–13 (Table 2B). Information on both reporting periods is included because APPR reporting requirements have changed from calendar-year reporting to financial-year reporting. Note:

²⁵ PNG's Treasurer announced in May 2013 that PNG has committed to implementing the Extractive Industries Transparency Initiative.

Funds reported here relate to the budget appropriation for the area of DFAT formerly known as AusAID and do not reflect expenditure by any global or regional program or other government department.

Table 2A expenditure 01 Jan 2012–30 Jun 2012

Objective	A\$ million	Per cent of bilateral program
Improved health and HIV/AIDs outcomes	57.9	25
Improved access to quality education		
> basic, secondary, technical and tertiary education	41.6	18
> Australia Awards and Australia-Pacific Technical College	11.2	5
Improved law and justice	13.5	6
Improved transport services to facilitate social development and economic growth	24.6	11
Strengthened national and sub-national public sector	42.9	18
Strengthened democracy	20.3	9
Gender equality and women's empowerment	3.1	1
Bougainville*	0	0
Crosscutting		
> climate change, disaster risk reduction and disaster responsiveness	2.5	1
> disability-inclusive development	0.5	<1
Other**	15.1	6
Total	233.2	

* Other estimated expenditure on Bougainville through national programs was \$12.8 million.

** Includes departmental and other program costs.

Table 2B estimated expenditure in FY 2012–13

Objective	A\$ million	Per cent of bilateral program
Improved health and HIV/AIDs outcomes*	126.3	28
Improved access to quality education**		
> basic, secondary, technical and tertiary education	96.5	22
> Australia Awards and Australia-Pacific Technical College	15.4	3
Improved law and justice	29	6
Improved transport services to facilitate social development and economic growth	52.1	12
Strengthened national and sub-national public sector	65.3	15
Strengthened democracy	36.9	8
Gender equality and women's empowerment	2.9	1
Bougainville***	2.9*	1
Crosscutting:		
> climate change, disaster risk reduction and disaster responsiveness	5.7	1
> disability-inclusive development	1.5	<1
Other****	14	3
Total	448.5	

* This includes health infrastructure expenditure through the Incentive Fund in addition to the broader health program's \$113.8m

** This includes education infrastructure expenditure through the Incentive Fund in addition to the broader education program's \$78.7m

***Other estimated expenditure on Bougainville through national programs was \$27.7 million (the \$30.6 million in expenditure is broken down as: transport infrastructure: \$11 million; law and justice: \$7 million; Provincial and Local-Level Governments Program: \$5 million; health and HIV: \$4 million; education: \$3 million; civil society: \$0.6 million).

**** Includes departmental and other program costs.

Progress towards objectives

Objective 1: Health and HIV/AIDs

Improved health and HIV/AIDs outcomes

Green

Australia rated progress against health and HIV/AIDs objectives under the Partnership for Development as green in 2012–13. The rating improved from the amber rating in 2011 as progress is as expected for most program objectives and most objectives will likely be achieved by 2015.

Australia's Health and HIV Program aims to save lives by supporting the PNG Government to reform its health system and deliver better quality health services. The program focuses on increasing skilled birth attendance, immunising more children and reducing the spread of communicable diseases such as TB, malaria and HIV. This is underpinned by a health systems approach focusing on these key functions: financing, medical supplies, health workforce, infrastructure, public health and community mobilisation. From January 2012 to June 2013, Australia's investment of approximately \$184.2 million resulted in moderate success in each of these key functions.

Corruption remains an obstacle to health service delivery and PNG government efforts in this area will be compromised without consistent, demonstrated commitment to reform, systems to reduce leakage and commitment to prosecution.²⁶

While PNG and Australia have made progress against this objective, health indicators in PNG remain the worst in the Pacific and delivery of health services remains uneven. Progress includes decreases in child malnutrition, low birth weight, and incidence of diarrhoeal disease and malaria. Conversely, deaths from pneumonia in children under five years of age increased, and immunisation and supervised delivery indicators declined. A 2012 review of the best and worst performing districts found that weaknesses in health system ‘building blocks’ were the main obstacles to improving service delivery.²⁷

The PNG Government has reaffirmed health as a priority sector, emphasising the health workforce, medical supplies and infrastructure development. PNG’s health budget appropriation was K818 million in 2012 and K1344 million in 2013. In 2012–13, Prime Minister O’Neill announced a ‘free primary health care policy’, promoted the role of churches in health service delivery and reaffirmed the government’s support for medical supply reform—commendable announcements requiring strong government support for intended benefits to flow.

PNG has also recently adopted a more targeted approach to the national response to HIV with a focus on most-at-risk populations. The 2012 HIV prevalence data showed national prevalence at under 0.8 per cent, although still close to 1 per cent in the Highlands region and National Capital District and higher among sex workers (17 per cent in 2010). However, separation of the National AIDS Council from the National Department of Health remains an impediment to effective coordination between health and HIV institutions, which compromises better access and treatment for HIV.

Maternal health

Maternal health targets are mixed. Skilled birth attendance appeared to decrease by 5 per cent in 2011, however, draft data from 2012 shows a return to past static levels of 40 per cent coverage and suggests that PNG is on track to meet the 44 per cent target by 2015. This may be a data issue rather than a true decrease, however, and Australia will investigate this further. Australia’s support was responsible for 19 823 out of the 95 765 supervised deliveries in 2012. Family planning targets are on track and supported by a new five-year, \$10 million investment in a public private partnership with National Department of Health and Oil Search Health Foundation to establish a reproductive health training unit.

Child health

Child health immunisation targets are on track as a result of increased coverage in 2012. Pentavalent vaccine coverage increased from 52 to 59 per cent, with Australian aid accounting for 25 057 vaccinations in 2012 and is on track to meet the target of 80 per cent by 2015.

²⁶ For example, two personnel in the National Department of Health arrested in 2011 on corruption charges were reinstated due to no-show prosecutions.

²⁷ Independent Annual Sector Review Group (2012), *Accelerating Health Improvement in Poor Performing Districts*. Key factors included effective relationships within the health sector (between provincial and district managers) and between the Provincial Health Office and Provincial Administration; Section 32 Financial Delegate powers maintained within the health sector; and a strong focus on accountability and responsibility and use of performance information for decision-making. Specific innovations include quarterly review meetings and collaboration with faith-based organisations; greater use of District Services Improvement Program funds for health through active briefing of members of parliaments; analysis of poor nutrition outcomes in one district, which led to engagement with the relevant agricultural officer to identify appropriate solutions; undertake facility audits; and introduce financial incentives for health workers to be placed in rural areas (by classifying positions at one level higher than urban equivalents).

Routine measles coverage significantly increased from 48 to 64 per cent in 2012, and is on track to meet the 2015 target of 68 per cent, with Australian aid accounting for 27 100 measles vaccinations for those 0 to 1 year of age in 2012. Australia directly financed a supplementary immunisation campaign which resulted in 615 069 children receiving oral polio vaccine (84 per cent coverage); 552 872 children receiving measles vaccines for children under three years (88 per cent coverage); 1 212 412 women receiving tetanus toxoid vaccination (77 per cent coverage); 876 361 children receiving a Vitamin A dose; and 405 983 children receiving Albendazole (deworming; 73 per cent coverage).

Communicable diseases

Communicable disease targets are mostly on-track, including increased condom use. With Australian funding, the PNG Business Coalition against AIDS distributed 29 627 504 condoms in 2012. However, research by Population Services International indicates that substantial numbers of condoms are not being used where available and that are not always available when needed. Australia is working with the National Aids Council Secretariat and National Department of Health on a National Condom Strategy to address the gap between supply and demand.

The target Australia and PNG have set for an increased proportion of HIV positive pregnant women accessing treatment is unrealistic and will not be achieved (the 2015 target of 80 per cent compares to estimated results of 12.3 per cent in 2011). Notwithstanding, Australian support resulted in 31 142 pregnant women accessing HIV tests in 2012. Catholic HIV and AIDS Services Inc increased HIV testing during routine ante-natal care from 11 000 women in 2011 to more than 18 000 women in 2012. Increased access to anti-retroviral therapy drugs is on track, with 79 per cent of the population in need of such drugs receiving them in 2011, close to the 2015 target of 80 per cent. In 2011, 9435 adults accessed anti-retroviral therapy drugs out of an estimated 15 456 in need. More than 3000 of these adults were served by the Catholic HIV and AIDS Services Inc. In 2012, Australia non-government organisation (NGO) partners started 1300 people on the drugs and increased the number of sites at which the drugs are available.

Global Fund grants were used to directly deliver malaria services across PNG in 2012. This included delivery and distribution of 1 885 110 doses of the new anti-malarial, artemether-lumefantrine; 805 000 rapid diagnostic tests to all health centres; 160 538 bed nets delivered to vulnerable groups and 902 952 to the general population. Global Fund grants also supported implementation of TB directly observable treatment short-course programs. This involved training 859 treatment supporters, conducting 22 488 TB case notifications and testing 3750 TB cases for HIV.

Health financing

Health financing is on track to reach targets, although Australia's budget engagement on health and HIV had mixed success. PNG funded another increase in the Health Function Grant to meet the minimum cost of services requirement for the first time in 2013. Medical supplies (including anti-retroviral therapy drugs) and, eventually TB, received agreed funding targets while health workforce training institutions and Christian Health Services fell short of funding requirements. Despite funding increases, the quality of health expenditure is variable. Weak provincial capacity, unnecessarily high administration costs, and the late release of the Health Fund Grant by central agencies are the apparent bottlenecks to better quality spending.

Australia is commissioning analytical work through the World Bank and the Promoting Effective Public Expenditure²⁸ project to identify areas to improve the quality of spending.

Medical supplies

Medical supply distribution is on track against targets, with stock availability increasing from 47 per cent in 2010 to 83 per cent in 2011 as a result of Australia's distribution efforts. The 2015 target of 85 per cent will likely be met. In 2012–13, Australia distributed 3597 medical supply kits (100 per cent quality assured) to approximately 2000 health facilities (95 per cent coverage for health centres and 65 per cent for aid posts).

Performance-linked medical aid targets are on track, despite slippages in timeframes. Important achievements included appropriate funding allocations, approval of a multi-year procurement plan and the release of an international tender for the 2014 medical supply kits. In 2012–13, the Australian and PNG governments agreed to establish an independent health procurement authority to manage medical supply procurements in the medium term. However, until recently, progress was delayed at central government level.

Health workforce

Health workforce pre-service performance are on track against targets. In 2012, Australia's pilot in-country scholarships program funded the pre-service training of 68 midwives and 20 community health workers. This program will be significantly expand in 2013, with 432 enrolments in midwifery, nursing and community health worker programs. In 2012 Australia supported the development of a PNG government submission on the health workforce crisis in PNG and provided resources to address it. Despite the PNG Government endorsing the submission, the 2013 budget appropriation for health worker training institutions was further cut from an already inadequate base.

To improve the quality of pre-service training, Australia funded capacity diagnostics of all eight nursing schools and 20 community health worker-training institutions in 2012. Addressing quality in midwifery schools is delivered through the Midwifery Capacity Building program. A 2013 review found two clinical midwifery facilitators at each midwifery school who played a significant role in improving teaching quality and contributed to a 96 per cent graduation rate in 2012.

Infrastructure

Infrastructure performance targets are partially off track due to slow implementation, as a result of unrealistic construction timelines and budgets, design issues, lack of transport and insufficient staff to manage projects. However, Australia has supported the construction of nine staff houses, started the upgrade of 11 rural health facilities in Madang Province and upgraded four health facilities in Western Highlands Province. By mid-2013, Australia will have rehabilitated all four midwifery schools and one community health worker training institution; constructed 14 sexually transmitted infection clinics and a national non-scalpel vasectomy training centre.

²⁸ Together with the PNG [National Research Institute](#), the Australian National University is undertaking the Promoting Effective Public Expenditure Project over the next three years.

Gender and disability

Gender and disability targets are on track. Australia is supporting increasing the proportion of women participating in health workforce training. In 2012, 41 specialist nurse graduates were female (66 per cent) and all 21 midwifery graduates from the University of PNG were female. In 2013, 101 community health workers scholarships (57 per cent), 111 nurse scholarships (74 per cent) and 94 midwifery scholarships (91 per cent) were awarded to females. Australia also contributes to disability-inclusive development in the health sector through funding disability organisations such as Callan Services and the National Orthotics and Prosthetics Service.

Tackling TB, including in Western Province

TB targets are on track overall. TB is a significant national health challenge for PNG and is a disease disproportionately afflicting the impoverished. It drives sufferers further into poverty. Across PNG, approximately 14 000 new cases of TB are diagnosed every year, making it one of the country's most significant health and development issues. Support for PNG's management of TB falls under Australia's Health and HIV Program. Through this program Australia provides health system support, including training health workers, procuring and distributing essential medications, and improving health infrastructure. Such health system strengthening is important to address TB across PNG. Australia is also supporting PNG authorities to implement a strategy to combat TB in line with the WHO's recommended approach, including to detect cases early and treat people daily in their own communities. Australia is engaging with the PNG Government to increase the level of domestic PNG funding for TB management.

TB is the major contributor to the infectious disease burden in Western Province (Box 1). The most recent WHO review, conducted in November 2012, stated there 'has been clear progress in TB prevention and control in South Fly since the last visit [October 2011]'. The WHO review found that better diagnosis, including the introduction of GeneXpert, has increased the number of TB and multi-drug-resistant TB (MDR-TB) patients detected and promptly started on treatment. The number of treatment defaulters with MDR-TB is very low. The review also found that the mortality rate with MDR-TB patients declined sharply between September 2011 (25 per cent) and September 2012 (less than 5 per cent).²⁹

Since January 2012, Australia:

- > supported the complete handover of all 92 PNG TB patients treated at Torres Strait health clinics to the care of Western provincial health authorities by June 2012; by February 2013, 83 of these patients had successfully completed their treatment
- > supported the training of 21 community health workers and 55 community TB treatment workers to provide directly observed treatment to ensure patients in the community take their full course of medication, raise awareness, detect suspects and treat cases
- > supported community outreach and advocacy, communication and social mobilisation to increase TB awareness and subsequently increase detection rates (the WHO review noted an impressive increase in the number of TB suspects identified)
- > refurbished and opened an interim TB isolation ward at Daru General Hospital, Western Province, in February 2012 and constructed a purpose-built 22 bed TB ward to international standards for infection control, due for completion in July 2013

²⁹ Daru Hospital records.

- > procured for Daru Hospital a GeneXpert machine to detect drug-resistant TB within two hours, upgraded a digital X-ray unit, and continued to support quality-assured laboratory diagnosis and drug sensitivity testing through the Queensland Mycobacterium Reference Laboratory
- > supported ongoing operation and maintenance of a purpose-built sea ambulance for TB outreach, delivery of medications and patient retrieval
- > maintained an uninterrupted supply of drugs to Daru Hospital for treating drug-resistant TB.

Australia has funded a master plan and scoping study for the Daru General Hospital, and a scoping study for Mabaduan Health Centre, as a basis for partnering with the PNG Government and private sector partners to refurbish each facility over 2013 to 2015. Australia will also begin funding for the new multi-donor Middle and South Fly Health Development Program to address the primary health care challenges facing these districts.

TB is not just confined to PNG's Western Province. Apart from its work in Western Province, Australia funds a specialist TB Medical Officer in the WHO's Port Moresby Office who supervises and trains health workers to improve TB management throughout PNG. Australian assistance to the broader PNG health system also contributes to the national response to diseases like TB. In addition, Australia supports the Global Fund to Fight AIDS, TB and Malaria, which is investing US\$28.2 million (2007–14) in supporting the PNG government to manage TB nationally.

Box 1: Tackling TB in Western Province, PNG

Australian support for TB management in Western Province is leading to better detection, treatment and management. A key element of Australia's support to the PNG Government is funding the Stop TB in Western Province Program, based on WHO's global standard for TB control, the Directly Observed Treatment Short Course.

TB takes a relatively long time to treat. Patients need to take several tablets a day for six to eight months if their infection is drug sensitive. Drug-resistant TB is harder to treat and patients need to take medication for 18 to 24 months. Directly observable treatment involves treating the patients in their communities with the help of TB treatment supporters who visit patients regularly and ensure they take their medication. If a patient does not take their medication correctly, or stops taking it, they may develop drug-resistant TB, which can be passed on to others.

With Australian Government support, World Vision trained 55 volunteer treatment supporters and 21 community health workers to support directly observable treatment implementation in Western Province in 2012. They also increased awareness and helped with detecting and treating suspected TB cases. Volunteer treatment supporters have often been cured from TB.

This story of Iru from Daru, Western Province, shows how community-based treatment supporters assist effective TB treatment. Iru came close to dying when she contracted MDR-TB from her neighbour.

'Two years of taking medicines is really tough ... but I only have one life,' Iru says. Iru felt so passionate about saving other people from TB that she signed up as a TB Treatment Supporter. 'I became a Treatment Supporter straight after I completed my medications. I wanted to help others, because everyone saw I had TB and if they see that I survived then maybe I can help someone else.'

Objective 2: Improved access to quality education at all levels

Improved access to quality education

- > Improved access to quality education at all levels
- > Australia Awards and Australia-Pacific Technical College

Amber

Green

Objective 2a. Basic, secondary, technical and higher education

Australia rated progress against this objective under the Partnership for Development program as amber in 2012–13. The rating dropped from the green rating in 2011, due to mixed progress on partnership targets and policy reforms. This includes:

- > estimated net enrolment rates indicating that PNG is close to meeting its 2015 target of 74.3 per cent
- > an internationally recognised education quality assessment being undertaken, which will provide valuable data on student needs
- > increased enrolment of girls in basic and secondary schools indicating progress—PNG has met the gender parity target of 0.97 for basic education but will probably not reach the target for secondary schools by 2015
- > a national qualification framework in technical and higher education indicating that the quality of higher education will be measured by a common standard
- > technical and higher education targets of 52 000 graduates and a technical and higher education gender parity index of 0.97 (currently 0.70) unlikely to be met.

From January 2012 to June 2013, Australia contributed approximately \$138.1 million to education in PNG and is the largest donor in the sector. Australia's primary objective is to support access to quality education at all levels by 2015.³⁰ Australia's investment priorities are teacher education, educational materials, infrastructure, education standards, education institutions and management.

Education is a priority of the PNG Government with the Prime Minister identifying it as a hallmark issue early in his term.³¹ The government's education budget appropriation was K1 631 million in 2012 and K2 300 million in 2013. The highly politicised education policy agenda in 2012 has made it challenging for bilateral engagement to effect positive change in the education system. The PNG Government pushed forward with implementing the tuition fee-free education policy and reforming the national curriculum under unrealistic timeframes.³² While the government sees reforming the existing outcomes-based education curriculum as the solution to the failure of the education system to produce literate students, curriculum reform will be a complex undertaking requiring high levels of technical expertise.

³⁰ Support for early childhood education is not part of Australia's education sector program.

³¹ PNG's Vision 2050, Development Strategic Plan 2010–30 and Medium-Term Development Plan 2011–15 also prioritise education and align PNG's National Education Plan, Universal Basic Education Plan 2010–2019, National Higher Education Plan II and Development Strategic Plan and Vision.

³² The government has established a taskforce, with no DoE representation, to review the outcomes-based education curriculum. The timeframes set to develop and implement a reformed curriculum are unrealistic, however, and implementation of the new reforms is set for 2014, only six months after taskforce recommendations are likely to be released.

Basic and secondary education

PNG's progress toward education access is mixed and progress on improved literacy and the quality of education remains poor. While national net enrolment rates indicate that PNG is close to meeting its 2015 target (74.3 per cent), the Department of Education (DoE) does not produce enough up-to-date, accurate enrolment data to inform effective public policy and program decisions.³³ Anecdotally, there was a large increase in numbers of children attending school after the fee-free education policy was introduced. Australia's contribution to the policy ensures financial barriers to attending school are minimised. However, information about learning outcomes or the quality of education is limited. Very low literacy levels indicate learning outcomes are poor. Indeed, PNG has the lowest reported literacy rates in the Pacific for adults³⁴ and Australian-funded reading assessments indicated low reading skills at elementary level.³⁵ Increased numbers of students per class will exacerbate the poor quality of teaching, lack of materials and learning. Progress on improving literacy and quality of all levels of education is being hampered by a critical lack of qualified teachers and resources. There is no evidence of the PNG Government responding to the impact of the fee-free education subsidy to lift quality. There is insufficient evidence available from the DoE on barriers such as the current number, location and capacity of functioning schools. This is needed to develop evidence-based education policy. Australia will continue to support improvements in data collection and analysis through technical assistance to the DoE.

Significant challenges exist in achieving increased education enrolments, participation and education quality outcomes in PNG. While increased investment in education by the PNG Government is positive, it is narrowly focused on tuition fee relief. Australia needs to engage in policy discussion to seek better implementation on the ground and sustained achievements in access, while sharpening the focus on education quality and equity. Australia will support more effective tuition fee subsidy management and implementation and monitor the impact of tuition fee-free education policy on enrolments. Australia is working to remove other barriers to education access, including by building up to 1100 classrooms, of which 90 per cent will be in rural and remote areas. Four hundred and fifty of these schools will have toilet blocks providing appropriate sanitation, which will encourage girls to attend and stay at school. While the active engagement of the PNG Prime Minister and Minister of Education on education reform is positive, the limited capacity of the DoE makes it difficult for the government to make evidence-based decisions. In future, Australia will engage on improving education quality through teacher training and supporting curriculum reform (including investing in textbooks). The new curriculum will take into account teacher skills (rather than focus solely on child learning outcomes) and learning assessments.

Higher and technical education

PNG's higher education sector faces a different set of challenges. Tuition fee-free secondary education will, over time, increase pressure on access to higher education. Increased enrolments will exacerbate chronic institutional deficiencies in funding, systems and academic quality; as well as poor quality teaching, learning and research outcomes. Currently only 2 to

³³ Data quality issues relate to methodological inconsistencies and evidence of inflation of enrolment figures under the tuition fee-free education policy.

³⁴ PNG Government, *2012 Education for All Global Monitoring Report*. Data refers to 2005–10 and in most cases is from 2008 school year.

³⁵ Early Grade Reading Assessment, Madang results; East New Britain, National Capital District preliminary results; *PNG Education Experience Survey and Literacy Assessment: A Report on 5 Provinces—New Ireland, National Capital District, Chimbu, Sandaun and Gulf Provinces*, Asia South Pacific Association for Basic and Adult Education.

3 per cent of children that start elementary schooling get a place at university or in vocational education institutions.

In the university sector, the PNG Government did not directly invest in improving university quality through allocations in its 2012 or 2013 budgets. This investment would have activated Australia's commitment to match PNG, kina-for-kina, to support activities that would enhance institutional quality.

Despite the lack of PNG government investment to improve university, it was engaged in the sector.³⁶ Prime Minister Peter O'Neill committed to amending the Higher Education Act 1993 to strengthen government oversight of universities and the PNG Government indicated a renewed focus on higher education investment. These amendments will give the PNG Office for Higher Education (OHE) regulatory functions to intervene in institutional management and drive the university quality agenda. Parallel to these ambitious plans, implementation of the quality agenda, comprising university quality assessments, continues its steady progress under the leadership of the OHE, with support from an Australian-funded adviser. Four universities have now submitted quality assessments to the OHE. The OHE is also establishing a National Qualification Framework, which aims to match qualifications to international standards.

While the PNG Government's intentions for the national technical and vocational education training (TVET) system remain uncertain, Australia continues to support the sector through the Australia-Pacific Technical College, modest direct funding support to the TVET Division of DoE, and placement of an adviser at the Port Moresby Technical College.

Key results

Australia contributed—in line with agreed, joint 2015 targets—to improve access, quality and equity through the Partnership for Development. Evidence suggests that Australia and PNG are on track to meet most targets, including: increasing net enrolment rates, undertaking an education quality assessment, increasing enrolment of girls in basic and secondary schools; and developing a national qualification framework in technical and higher education. It is unlikely that Australia and PNG will meet technical and higher education targets by 2015 of 52 000 graduates and a gender parity index of 0.97 (currently 0.70).

In 2012–13 policy discussions with the PNG Government facilitated program delivery of school infrastructure, direct financing to the DoE to support access and quality, and capacity development in planning, budgeting, assessments and data quality. Progress towards partnership objectives include the:

- > provision of 116 classrooms, 50 teachers' houses and 50 ablution blocks across all provinces, enabling 6400 students to attend school in a new classroom (90 per cent of classrooms are in rural or remote areas)³⁷
- > contribution of \$15.1 million to PNG's tuition fee-free policy which meant elementary school children did not have to pay tuition fees
- > implementation of early grade reading assessments in three provinces, informing interventions to improve literacy and learning outcomes

³⁶ For example, the National Executive Council endorsed the implementation plan to the review of PNG's universities; bailed out the University of Papua New Guinea; and intervened in the governance of the University of Technology in Lae.

³⁷ Classrooms are designed to make the most of natural light and passive cooling.

- > participation by the DoE in a three-country study (PNG, Solomon Islands and Vanuatu) by the World Bank on education results benchmarking, aiming to inform improvements in the quality of education services and outcomes over the long term
- > preparation by all six PNG universities for the quality assessments that are a precondition for kina-for-kina funding by Australia—with PNG commitment this will provide a reform roadmap for each university.

Australia is working with PNG communities to increase accountability in education, including by implementing school subsidies. For example, we support: running radio announcements to inform parents and communities about the services they are entitled to at schools and to report teacher absenteeism or fee-charging; publishing subsidy amounts for all eligible schools in national newspapers so communities know exactly how much is going to schools; and funding a subsidy hotline for communities to report when information published is incorrect. Communities are contacting the DoE to advise that schools have closed or do not exist, or that the amount of subsidy did not match enrolment numbers.

Partnership talks between Australia and PNG resulted in strengthened joint commitments to improve education quality under the Partnership for Development schedule, including agreement to implement recommendations from school quality assessments and a mechanism to monitor investments in the tertiary sector.

Objective 2b. Australia Awards and Australia-Pacific Technical College

The Australia Awards program in PNG aims to empower women and men to contribute to national development in priority areas identified by the PNG Government and in line with Partnership for Development priorities. Supporting Papua New Guineans to undertake tertiary education is critical to social and economic development. Highly skilled labour in PNG is scarce, despite high-quality skills and qualifications being in high demand. In addition to boosting human capital in industry, civil society and government, the Australia Awards program also creates positive people-to-people links between Australia and PNG which are essential to our economic and development relationship. Expenditure from January 2012 to June 2013 on Australia Awards and APTC was around \$26.6 million.

The PNG Government funds scholarships for overseas and in-country study. The OHE is in the third year of implementation of a TVET scholarship program at Queensland technical and further education colleges. In 2012, 252 awards were delivered at a cost of \$5.83 million (K12.42 million). Scholarships are the primary platform for PNG government funding to post-secondary education in-country, through the Tertiary Education Scholarship Assistance Scheme. In 2012, the scheme was valued at \$16.43 million (K35 million), partially or fully funding 10 200 students (new and ongoing).

Australia supports students to undertake post-secondary study through the:

- > Australia Awards, which support Papua New Guineans to undertake full-time undergraduate or postgraduate study at Australian universities and technical and further education colleges—144 Australia Awards recipients (77 female and 67 male) completed study in Australia in 2012
- > PNG – Australia Awards Pacific Scholarship program, which provides health and education awards for study in PNG resulting in:
 - 71 (66 female and 5 male) midwifery placements
 - 20 (9 female and 11 male) two-year community health worker placements
 - 68 midwifery graduates
 - 104 (93 female and 11 male) midwifery awardees

- 150 (112 female and 38 male) nursing awardees
 - 176 (99 female and 74 male) Christian Health Worker awardees
 - 20 (12 female and 8 male) secondary teacher awardees
- > Australia Pacific Technical College, which helps Pacific Islanders gain Australian-standard skills and qualifications in a wide range of vocational careers, producing skilled employees who are in high demand throughout the Pacific—160 Papua New Guineans were enrolled at APTC campuses³⁸ between 1 January 2012 and 13 May 2013.

In 2012, 152 Australia Awards Scholarship recipients were selected. The composition of the 2013 intake represents an important shift from lower-level qualifications. It repositioned the awards for study overseas as elite awards that complement, rather than compete with, study options available in PNG. Disaggregated data reflects continued consolidation of Australia Awards programs in PNG with a more refined and targeted approach to eligibility, levels of study against agreed priority sectors, and increased objectivity and transparency in selection.³⁹

Availability of awards for in-country study allows Australia to focus on equity by improving gender and provincial access. A total of 450 awardees started study in PNG in 2013 including midwifery (104), nursing (150), community health work (176) and secondary education teaching (20). More than 70 per cent (316) of awardees are women. A total of 89 per cent (402) of awardees come from provinces other than the National Capital District indicating broad provincial reach.⁴⁰

A tracer study of up to 570 alumni to be completed by the end of 2013 will help provide more information about program impact. Anecdotal evidence suggests Australia Awards graduates contribute to PNG's economic and social development, the delivery of front-line services such as education, engineering, health, and information communication technology, and to policy development and public and private administration, including at senior levels of government.

Objective 3: Law and justice

Improved law and justice

Amber

Australia maintained progress against this objective under the Partnership for Development program was rated as amber. The rating remained the same as in 2011, because progress is less than expected. While the law and justice sector faced significant challenges in the reporting period, Australia supported PNG to progress some key indicators in the four priority areas outlined in the Partnership for Development, including significant achievements in access to law and justice services. PNG and Australia were unable to verify progress against other key indicators due to a lack of sector-wide data.

³⁸ Including: 2 females and 75 males in PNG; 27 females and 18 males in Fiji; 13 females and 5 males in Vanuatu; and 5 females and 15 males in Samoa. A total of 134 Papua New Guineans graduated during this period—1 female and 57 males in PNG; 24 females and 13 males in Fiji; 9 females in Vanuatu; and 10 females and 20 males in Samoa.

³⁹ While management and commerce numbers are high, disaggregation shows graduates are spread across management in health, education, agriculture, public administration and project management, financial and business management, tourism, and human resource management. Likewise society and culture, once disaggregated, reveals awards in law and justice, education and welfare services.

⁴⁰ In contrast, for Australia Awards for study in Australia, year-on-year awardees overwhelmingly come from National Capital District (65 per cent in 2012 and 59 per cent in 2013).

The PNG Government's long-term goal is to achieve a safe, secure and stable environment for all. Australia contributes⁴¹ to key set outcomes within the PNG Government's Law and Justice Sector Strategic Framework, set out in the Partnership for Development Law and Justice Schedule in these four priority result areas:

- 1 communities will have improved security with police better trained and better resourced to maintain law and order
- 2 victims of Family and Sexual Violence will have improved recourse and protection
- 3 women and men will have improved access to justice
- 4 PNG will have enhanced abilities to prevent and combat corruption.

Australia's support to the PNG law and justice sector is provided through a whole-of-government approach, involving the department's partnership with PNG sector agencies, the Australian Federal Police's partnership with the RPNGC and the Australian Attorney General's Department's technical advisors work in legal policy section of the Department of Justice and Attorney General, the Office of Public Prosecutor (OPP), the Office of State Solicitor and the Office of Solicitor General.

A functional law and justice system is fundamental for state legitimacy, effectiveness and stability. It provides an environment conducive to trade, investment and economic growth. Law and order institutions in PNG are characterised by low capacity, resources, authority and public confidence. RPNGC staff numbers, for example, are well below the UN's suggested police-to-population ratio (1:450 compared to 1:1350). Barriers to formal justice include lack of access to formal justice institutions; lack of understanding about basic rights to justice and legal awareness; lack of confidence in formal systems; low levels of literacy; and financial and geographical constraints.

The PNG Government has expressed ambitious reform plans for the sector, including commitments to tackle corruption, improve police effectiveness and improve access to justice services. The government has provided additional funding for the RPNGC, including: a substantial commitment of K276 million over five years for the Police Modernisation Program; the establishment of the interagency anti-corruption taskforce (Taskforce Sweep); the establishment of an anti-corruption commission; and an increase in funding in the 2013 National Budget (78 per cent) for village courts. In 2012, the recurrent budget appropriation for law and justice was K546 million, rising to K701.3 million in 2013. Coordinating this funding to produce outcomes, especially with increased sub-national funding, present real challenges. Coherent plans to implement reforms are still being developed by the sector. There is evidence, for example, of political support for the effective implementation of the Police Modernisation Program. However, commitments to a number of ambitious long-term targets exceed the resources realistically available. PNG requires at least an estimated 1000 new recruits a year due to its low police-to-population ratio and ageing workforce. Despite PNG's announcement that 400 new recruits will be trained in 2013, cadet training comprises only a minor part of the modernisation initiative.

In May 2013, the National Parliament repealed the Sorcery Act and passed amendments to the Criminal Code to increase penalties for serious offences, including the death penalty for a number of offences. No Australian aid funding will be used to assist the Government of PNG to implement the death penalty.

⁴¹ Australian assistance was provided through mechanisms including long-term Australian government advisers placed in agencies, goods and services, capital investment and refurbishment, and capacity building such as through training technical advisers. A number of twinning arrangements with Australian law and justice agencies were also supported.

Progress was made on some indicators within the four priority results areas outlined in the Partnership for Development, including police training, establishing additional Family Sexual Violence Units (FSVUs), legal and anti-corruption reforms. Australia's contribution to reduce FSV has focused on improved recourse and protection under the justice system. While PNG is making incremental progress, reductions in the prevalence of FSV will involve prolonged effort by PNG leaders and those at grassroots level, to address systemic and legislative inequities, encourage behaviour change, and continue to improve access to victim support services, as well as justice, education, and economic opportunities.

Australia's contribution to the sector is being strengthened through the development of a new sector delivery strategy. Future support will focus on more limited outcomes to deliver effective legal services and renew support for reducing the impact of violence and conflict in targeted communities. Areas of focus will be on increasing accountability, strengthening anti-corruption enforcement, continuing to improve the legal protection to victims of FSV and improved monitoring and evaluation (M&E) of sector impacts. Evaluations in 2013 will gather more evidence around the impact of infrastructure investment and the impact and effectiveness of village courts.

Progress is evident in these areas.

Better trained and equipped police

Early indications are that Australia is assisting to bring about cultural change within the RPNGC. For example: the Police Commissioner's support for and adoption of review recommendations of the Fraud and Anticorruption Directorate and Internal Affairs Directorate; progress on implementation of recommendations, including structured senior management oversight of the Police Modernisation Program; professionalising police trainers; and renewed focus on recruit, officer and leadership training. The first newly commissioned officer training in 10 years saw 32 police inspectors (six women) and two corrections services officers graduate. In 2012, the first year of the Police Modernisation Program, Australia estimates that between 17 and 35 per cent of the RPNGC had the opportunity to develop their skills and knowledge as a result of its support.

Longitudinal follow up will be required to demonstrate the outcomes of improved quality training and the retention and application of skills. Other training took place in the areas of prosecutions, FSV, ethics, leadership, resisting corruption, human resource development, recruitment systems and corporate planning. There was some evidence of behavioural change as a result⁴², but more outcome assessments are required to build on this evidence.

Improved recourse and protection for victims of FSV

An Australian Government-commissioned independent progress report in 2012 highlighted the advancement of women's rights as a key achievement of the FSV program, including through FSVUs which provide referral support to victims in need of interim protection orders, medical services, counselling services and emergency accommodation.⁴³ The expansion of FSVUs in police stations is raising awareness in the community of the availability of

⁴²An anonymous survey was carried out to assess the impact of the ethics training delivered to 30 RPNGC who had completed the training program three months earlier. The results indicate a very high level of confidence in the ability to respond to corruption in the workplace (90 per cent) and 41 per cent reported a 'noticeable change' in their colleagues' behaviour on corrupt activity. Seventy-three per cent reported that corruption was talked about more or a lot more since the workshop. Sixty-nine per cent self-reported having taken a step to saying no to corruption.

⁴³As a result of Australia's efforts, senior personnel in a number of PNG agencies are beginning to consolidate their knowledge and ownership of the FSV work progressed through FSVUs. This is demonstrated by the recognition of FSVU within RPNGC staff positions in three provinces and the creation of an FSVU Coordinator and Deputy Coordinator at Headquarters level.

specialised units to support FSV victims. In 2012, the eight FSVUs established assisted almost 9000 victims of violence to receive support services. This represents a 42 per cent increase on cases reported to FSVUs in 2011 which in turn represented a 64 per cent increase on the cases reported in 2010. In 2012, the seventh and eighth FSVUs were established at Popondetta, Oro and in Kokopo, East New Britain. A ninth unit was opened in April 2013.⁴⁴

Australian advisers and technical assistance to the OPP are resulting in improved skills of national prosecutors. The adoption of a team-based approach will support timely prosecution and reduce delays. In 2012, Australia supported the pilot for the first Victim Liaison Officer. Supporting victims and witnesses of crime through the criminal process is critical to the successful prosecution of cases. This has assisted the Public Prosecutor to help victims understand their rights under the justice system. Additional victim liaison officers are now planned for the OPP.

Improved access to justice

Despite some data deficiencies, identifiable successes exist in the justice sector, including more women and men accessing law and justice services through village courts and legal aid. More people accessed village courts in 2012, 40 per cent of them women.⁴⁵ In 2012, 650 000 cases nationwide were dealt with by village courts, an 8 per cent increase on 2011 estimates. Australian support helped establish another 91 village courts. District Court caseload statistics show that new cases filed in 2011 substantially increased and that the level of new cases in 2012 was sustained. This indicates that the number of people seeking legal redress is increasing.⁴⁶ However, case disposal rates remained static after sharp increases in 2009. Australia directly supported the expansion of the number of legal aid branches across PNG. All 22 provinces are now serviced and all but five provinces have a permanent presence. Data indicates a 12 per cent increase in the OPP caseload in 2011 over 2010 (7485 civil and 3338 criminal). While data is not available for 2012, this trend is expected to have continued due to the expansion of legal aid desks and branches.

Australia has helped build the capacity of PNG law and justice officials to better deliver higher-quality justice services. Australia drove the implementation of more proactive case preparation practices in the OPP's Lae and Madang offices, resulting in an increase in cases finalised and a significant reduction in criminal trial backlog. For example, 84 cases in Lae were finalised in 2012 compared with 39 in 2011. In the Office of Solicitor General, levels of default judgments against the State dropped and some significant precedent judgments in favour of the State were obtained with Australian assistance. This will result in significant savings to the State.

Enhanced ability to prevent and combat corruption

In the law and justice sector, Australia has supported the inter-agency Taskforce Sweep, the RPNGC's Fraud and Anti-Corruption Director and the OPP to combat corruption. Key achievements include:

⁴⁴ However, there was a drop in the overall number of interim protection order applications in 2012 which requires further investigation.

⁴⁵ This increase has anecdotally been attributed to the increase in the numbers of female village court magistrates and officials. DFAT is planning an evaluation to assess the impact and effectiveness of village courts later in 2013.

⁴⁶ Common assault consistently ranks as the most prevalent offence. Current reporting definitions do not enable analysis of the percentage of the assaults occurring between family members but anecdotal reporting from magistrates indicates that violence between family members (intimate partners, parents/children and in-laws and involving multiple 'wives') accounts for a substantial proportion of assault cases.

- > an estimated 200 cases being referred to Taskforce Sweep since it was created in August 2011 with 78 cases investigated and 58 arrests made
- > the OPP's Proceeds of Crime Unit obtained four orders freezing suspected proceeds of crime (valued at K4.2 million)
- > the Australian Federal Police supported a comprehensive review in 2013 of the RPNGC's Fraud and Anti-Corruption Directorate, including its Financial Intelligence Unit—recommendations were accepted by the Commissioner and are being implemented
- > a Senior Ethics Course was delivered to 800 law and justice agency officers in the final six months of 2012 and correctional services trainers are now qualified to deliver this course
- > the PNG Government formed the National Coordinating Committee on Anti-Money Laundering and is now driving high-level, whole-of-government national anti-money laundering reforms.

Despite initial progress, time lags between arrest and prosecutions, difficulties in obtaining evidence and the quality of investigations meant there were few successful prosecutions of corruption offenders in PNG during the reporting year.

Gender equality

Australia's support for FSVUs, female village court magistrates and interim protection orders has had positive gender equality results, including promoting equal participation in decision-making processes, equal rights within the justice system and equal access to justice. In early 2013, a woman was appointed as the youngest Chief Magistrate and the Solicitor General and Chief Ombudsman offices are held by women for the first time (albeit on an acting basis).⁴⁷ Two female judges are on the National Court.

Other achievements with gender in the law and justice sector in 2012 included:

- > an increase in the number of women village court magistrates, with more than 900 in 2012, up from 10 in 2004 and 700 in 2011
- > that 10 per cent of police are now women with 20 per cent of the April 2013 intake being female, doubling the number of female officers (albeit from a very low base)
- > an increase in the number of female legal officers represented in the OPP and the Department of Justice and Attorney General
- > the establishment of the PNG Judicial Women's Association, an initiative of PNG's 17 female district court magistrates and two national court judges
- > the establishment of the Family and Sexual Offences Unit in the OPP
- > additional funding for victim liaison offices in each main regional OPP office.

Objective 4: Transport infrastructure

Improved transport services to facilitate social development and economic growth

Green

Australia again rated progress against this objective under the Partnership for Development as green. The sector is on track to meet the joint target of 75 per cent of 16 priority national roads

⁴⁷ At the end of the APPR period, the Acting Chief Ombudsman was succeeded by a man as the permanent head.

in good condition by 2015 and aviation and maritime transport services are on track towards full compliance with international safety and security standards.

Australia's support outlined in the Partnership for Development Transport Infrastructure Schedule focuses on:

- > maintenance and rehabilitation of the national priority roads network to support access to markets, employment, and services for the people of PNG, forming the backbone of the nation's road network
- > supporting better functioning transport sector agencies to govern and deliver transport infrastructure through planning, management and governance, capacity development and leadership
- > achieving key safety and security standards in aviation and maritime transport service provision to better align with international standards and obligations.

Australia's expenditure on transport infrastructure between January 2012 and June 2013 was approximately \$76.7 million, of which 80 per cent was directed towards maintaining the national priority roads network.

A fully functional national transport network is a key enabler of economic growth which supports productivity, employment and people's access to basic services. The O'Neill Government has renewed emphasis on larger, more visible new infrastructure works as a priority. The 2013 National Budget provided K1.37 billion for funding road network maintenance, rehabilitation and development at national and provincial levels, an 18 per cent increase on 2012.

However, the transport sector in PNG has suffered from prolonged underfunding, resulting in aging infrastructure. The sector also suffers from insufficient public and private sector capacity to address routine maintenance and new construction, as well as procurement delays and lack of planning. There is inadequate investment in maintenance operations and planning. The (yet to be) established Infrastructure Development Authority will provide strengthened governance and oversight of projects of national significance and may provide a vehicle for the PNG Government and Australian aid to address wider sector financing and procurement constraints. Australia has provided early technical advice about the optimal role, scope and format of the new authority. Australian support to the PNG Government in establishing the authority will be important to avoid duplication and confusion of roles and responsibilities.

Assessment of progress in 2012–13 toward the key Partnership for Development target of 75 per cent of 16 priority national roads in good condition by 2015 will occur once the results of the Visual Road Condition Survey, funded by the Transport Sector Support Program, are available. Survey results are due in the second half of 2013. Evidence of improvement in the condition of priority roads exists, with the number of roads assessed as being in good condition increasing from 27 per cent in 2005 to 46 per cent in 2011 (exceeding the 2012 Partnership for Development target) and those in poor condition reducing from 43 per cent to 7 per cent over the same period. The inclusion of road safety data in the Visual Road Condition Survey will give Australia and PNG a basis for considering road safety enhancements as an intrinsic element of all joint-funded maintenance and rehabilitation work.

In 2012, Australia directly funded the maintenance and rehabilitation of 2015.3 kilometres of national priority roads (94 per cent of the 2012 target) and maintenance on 353.3 kilometres of non-priority roads (mostly in Bougainville). Australia also supported the Transport Infrastructure Priorities Study which informed the development of the National Transport Strategy; implemented the Socio-Economic Performance Story Impact Study with respect to road safety and its treatment; and established the Women in Engineering Group.

Box 2 highlights evidence from the independent Socio-Economic Performance Story Impact Study, indicating that Australian-supported road improvements are having a positive effect on

people in PNG. Australia's support for road maintenance directly provided Papua New Guineans with improved mobility and access to markets and basic services, particularly women and vulnerable groups. Similar impact studies are underway or being planned in PNG health and law and justice programs.

Box 2: Road maintenance: Evidence of the positive impact on the lives of people living in poverty

Australia's support for road maintenance directly provided Papuan New Guineans with improved mobility and access to markets and basic services, particularly women and vulnerable groups. The independent Socio-economic Performance Story Impact Study undertaken in 2012 found that in six villages along the national priority roads, overall road improvements contributed to increased:

- > access to markets (mentioned by 56 per cent of all interviews and by 64 per cent of female interviewees)
- > quality of life or living standards (mentioned by 39 per cent of all interviewees and by 27 per cent of female interviewees)
- > quality of life resulting from reduced travel time (mentioned by 35 per cent of all interviewees and 38 per cent of female interviewees)
- > access to services, including health (mentioned by 28 per cent of all interviewees and by 38 per cent of female interviewees) and education (mentioned by 28 per cent of all and by 31 per cent of female interviewees).

The important thing is transport; we needed transport to take our copra and cocoa to the market. When they built this road, it provided an important service for us. The women also had a chance to make their own money through selling sweet potato, taro and other things like betel nut and mustard. In order for them to go to the market they have to use the road. The road brought about development, this thing they call development is the road.

Village Chief (male, Group 2), Lasigi recording 120309_005

The impact study also highlighted the importance of embedding road safety elements in road, with 42 per cent of interviewees identifying concerns about pedestrian safety and 39 per cent raising road safety relating to drivers. Interviewees (41 per cent) also noted increased concerns that improved mobility through road improvements had increased access to alcohol and drugs and other outside influences.

Road safety is a growing problem in PNG and Australia has supported improved road safety partly because of the lack of capacity of the National Road Safety Research Council. Australia has supported the training of traffic police and struck an agreement to develop road safety education materials for school teachers.⁴⁸ A road safety audit was included in the design of the Wapanamanda – Wabag road rehabilitation works to ensure road safety issues and concerns were considered from the beginning.

⁴⁸ Funded through the Australian Government's Development Research Awards Scheme not the Transport Sector Support Program.

Australia also contributed to the Partnership for Development target of aviation and maritime transport services, moving towards full compliance with international safety and security standards.⁴⁹ Activities included:

- > upgrades to the Nadzab airport and satellite ability
- > support of two major air crash investigations
- > support of the Commission of Enquiry on the sinking of the *MV Rabaul Queen*
- > search and rescue gap analysis
- > legislative reforms in the maritime sector to progress toward international safety standards and a more up-to-date maritime governance framework.

While Partnership for Development targets are rated as on track, several factors risk are undermining progress in the transport sector. There is a need for:

- > greater PNG government commitment to road maintenance and its budgeting
- > procurement reform to reduce delays, cost escalations and bottlenecks
- > greater performance management and accountability across the transport sector, including through shared performance indicators
- > greater leadership and coordination among PNG transport sector agencies
- > enhanced Australian capacity to manage a larger, more complex transport sector program.

Australia therefore needs to engage in active and robust policy discussion with PNG government counterparts to:

- > address multi-year fund flow predictability issues and systemic procurement constraints
- > support PNG to address the implications of the government's focus on new infrastructure, including the Infrastructure Development Authority
- > secure continued and sustained government commitment to enhanced performance monitoring of road maintenance, improved procurement processes and better road safety.

Objective 5: Public sector governance

Strengthened national and sub-national public sector

Red

Australia rated progress against this objective under the Partnership for Development as red in 2012–13. This rating has decreased from the amber rating in 2011. The sector is not on track to meeting its targets.

Australia provided an estimated \$108 million from January 2012 to June 2013 to support better public sector governance in PNG. This investment underpins Partnership for Development priorities by assisting all levels of government to be more effective and accountable for improved service delivery. The three priorities for our public sector governance program are: a stable macroeconomic environment; appropriate allocation and timely release of funds to service delivery priorities; and a public service with a culture of accountability and performance.

⁴⁹ This interim target is in place until detailed targets can be developed based on analysis and diagnostics of key agencies being conducted in 2013.

Recent analysis Australia has undertaken shows that despite some governance programs performing reasonably well, they are not adding up to significant impact overall. Although international experience in aid development indicates that improvements to governance indicators are usually slow and long-term, in PNG these have remained static for a number of years. This prompted Australia to downgrade the program's effectiveness rating. Some gains have been made in recent years in improving regulatory quality and preventing further declines in government effectiveness. However, anticipated governance improvements have not eventuated. Progress is significantly less than expected and most objectives are not likely to be met.

Incentives for reform and good governance continue to be low. Australia recognises that governance assistance needs to better target service delivery bottlenecks, and better understand the informal institutional settings needed to assist government to be accountable. Australia needs to be more sophisticated in its approach in supporting PNG to stimulate the supply and demand sides of better government. Although technical assistance still plays an important role in strategically important areas of government, technical solutions do little to strengthen incentives for governance performance.

The 2013 National Budget marked a departure from previous budget strategies, with a large budget deficit and K1.5 billion allocated directly to sub-national governments. The increased sub-national budget allocation indicates a major commitment to improve service delivery, however it is unclear how funds will be administered and managed across provincial, district and local levels. It is unlikely that PNG's sub-national systems will cope with this increase.

Increased funds are allocated under service improvement programs and include funds for provincial, district and local levels.⁵⁰ The District Services Improvement Program funds were significantly under-expended in recent years. Also, there was a serious lack of associated reporting and little evidence to demonstrate that funds expended were used effectively for their intended purpose. This raises concerns about the proposed increases in sub-national funding and the need to better monitor and report on spent and unspent funds. Major barriers to effectiveness include lack of capacity of sub-national administrations and treasuries, lack of recurrent budgets to manage and monitor development funds, and limited transparency and accountability mechanisms.

The PNG Government has committed to better accountability and monitoring of public funds. Australia has been assisting the government to improve monitoring and reporting of (district and provincial) Service Improvement Program funding. Most recently this resulted in issuing of new financial instructions, to establish greater control on using and reporting of grant funds through the Provincial Government Accounting System and new Chart of Accounts.

A stable macroeconomic environment

The macroeconomic environment in PNG continues to be stable but the risks associated with a large expansion in public expenditure and a deficit budget in 2013 need to be monitored carefully. Financial management and accountability mechanisms have improved, largely as a result of support provided by Australian-funded advisors under the *Strongim Gavman Program* for the budget framework and processes. The program has assisted PNG Treasury's Budget Division to respond to the changing budget context. A number of budget reforms in train need to be tracked carefully (most notably the amalgamation of the recurrent and development budgets) through Australia's Budget Engagement Strategy.

⁵⁰ Service improvement programs include funds for provincial, districts and local-level governments which are largely for infrastructure programs for health, education, law and justice, economic and agriculture. Administration guidelines and financial instructions are in place to administer funds and align expenditure to development plans.

The PNG Government faces the challenge of ensuring that increasing revenues from activities such as the LNG project make a tangible difference to the lives of Papua New Guineans. Australian-funded advisors are supporting the implementation of the Sovereign Wealth Fund to help PNG manage liquefied natural gas and other mineral resource revenues in a transparent and effective way through developing governance, accountability and asset management rules based on the international best practice Santiago Principles⁵¹, to ensure economic gains are translated into tangible outcomes for PNG.

Appropriate allocation and timely release of funds to service delivery priorities

PNG government allocations to service delivery institutions increased over the reporting period but timely release of funds continued to be poor. The big-spending 2013 National Budget broadly meets joint commitments under the Partnership for Development at aggregate level. However, funding allocated to a number of programs that Australia deems critical to partnership objectives is inadequate.

Australia's support for the Review of Intergovernmental Financial Arrangements is ensuring more funds are allocated to provincial, district and local level governments to meet the costs of implementing the Minimum Priority Activities. This is having a positive impact in provinces with low internal revenue. Overall, provinces that depend most on function grants have allocated a higher proportion of their budgets to the MPAs, in contrast to provinces with higher levels of internal revenue. Under the Australian-funded Provincial Performance Improvement Initiative, provinces⁵² that have graduated to Phase 2 have been best able to use the function grants to improve service delivery.

Australia's work with the Department of Provincial and Local Government Administration under the Provincial Performance Improvement Initiative has helped the Department to improve provincial service delivery as core business. We have provided advisory support for the Department of Implementation and Rural Development to implement the District Information Management System—an outcome that has provided the Department of Provincial and Local Government Administration with detailed data on infrastructure and administrative services in 89 PNG districts and a training needs assessment of staff across 52 districts. This information has helped guide elements of the work plans developed for 29 long-term and nine short-term advisers in 20 PNG provinces. The advisers have trained 5547 public servants which has helped improve provincial outputs in budget planning, corporate planning, and through financial management systems, all of which has led to more efficient fund disbursement for service delivery activities.

A culture of accountability and performance in the public service

PNG government programs appear to receive sufficient funding to drive reform, but there is little evidence of quantifiable impacts on service delivery and development outcomes. Australia's capacity building support at national and sub-national levels has not had a significant impact on fundamental weaknesses in coordination and accountability across government, or on weak external oversight mechanisms and limited monitoring data. The O'Neill – Dion Government took initial steps to improve coordination and monitoring during its first year in office.

⁵¹ The Santiago Principles are a set of best practice principles for the operation of sovereign wealth funds. The principles were developed in 2008 by the International Monetary Fund and International Working Group of Sovereign Wealth Funds, <http://www.iwg-swf.org/pubs/gaplist.htm>

⁵² Phase 2 provinces include: Central Province; Eastern Highlands Province; East New Britain; Milne Bay; SepikSundown; and SundownWest.

In passing the 2013 Budget, the PNG Government announced that 2013 would be the ‘Year of Implementation’. Ministers and governors signed individual performance agreements with their departmental secretaries and administrators to deliver three priority projects each. The Prime Minister endorsed these projects through agreements with ministers and governors. The list of priority activities was released to the public, and Australia agreed to provide assistance to help monitor progress.

A significant achievement in the reporting period was the publication of warrants and spending information jointly supported by the PNG National Economic Fiscal Commission and the PNG Treasury, a process strongly supported by *Strongim Gavman Program* advisers. Publishing this information enables departments, provinces and citizens to further investigate where service delivery funds are going and how they are being spent. This important first step needs to be coupled with adequate monitoring mechanisms and civil society oversight to foster greater accountability and performance in the public service.

In light of this, Australia has been supporting the Government of PNG to strengthen audit capacity as an ongoing priority. Australian support is attempting to reverse the serious decline in internal audit across the public sector. Five more internal audit committees were established in 2012, bringing the total to 33, and 24 grants were provided to assist them to operate. More than 135 auditors have received training through this program to date. External audit remains a considerable challenge. Australian support is also assisting the PNG Auditor General’s Office to undertake performance audits and reduce the overall audit backlog. However, ongoing capacity shortfalls and lack of commitment to implement audit recommendations remains a major hurdle to improving audit quality and overall government accountability.

Australia also supported greater coordination and integration of national and provincial governments. The Economic and Public Sector Program supported regional workshops organised by the Government of PNG in major centres focusing on weaknesses in project and financial management. These workshops also promoted greater collaboration between national and provincial agencies to address service delivery challenges. The program also supports televised debate on key service delivery issues, in partnership with national broadcaster, EMTV.

Under the Provincial Capacity Building Program, co-funded by Australia and implemented by the UNDP, six pilot provinces reached international standards for providing financial reports in 2012. All program provinces completed their financial reports within two months of the end of the reporting period, a significant improvement on provinces without program support which take anywhere from eight to 42 months.

New governance strategy

In 2013–14, Australia will seek to discuss a new governance strategy with the PNG Government. The revised strategy will include greater emphasis on addressing governance bottlenecks to service delivery. It will do so by considering better incentives, ensuring greater transparency and accountability, and expanding community level and sub-national governance interventions. By opportunistically supporting leadership and demand for better governance, the new strategy will take greater account of drivers of change, rather than the historic emphasis on the supply side of good governance through technical assistance.

Objective 6: Democratic governance

Strengthened democracy

Red

Australia has determined that its progress against this objective under the Partnership for Development falls into the red category in 2012, compared to its amber rating in 2011.

Although Australian democratic governance support assisted the delivery of services to Papua New Guineans, including in very poor and remote areas, the program's efforts to sustainably increase communities' participation in government decision-making and to strengthen electoral governance during the 2012 General Election resulted in less improvement than anticipated. Accepting that supporting significant changes in governance is a long-term undertaking, Australia's analysis of its support in this area has highlighted the program set some overly ambitious outcomes, necessitating revision of the program's strategy in 2013.

Democratic governance support is designed to assist government, civil society, NGOs, and churches to work together to respond more effectively to communities' needs. Through a range of initiatives that are increasing effective relationships between key decision-makers and communities, Australia is helping to increase inclusiveness, transparency and levels of responsiveness to PNG communities.

Between January 2012 and June 2013, Australia spent approximately \$57.2 million on democratic governance initiatives in PNG.⁵³ This support included grants for community-generated projects. In 2012, more than 400 government officers participated alongside civil society and community-based partners to develop and deliver grants in 19 PNG provinces, an achievement due to the extent and scale of government involvement. A 2012 review of Australian support in this area found weaknesses however, stating that the nationwide spread of the grants program may dilute focus, with the broad program spread potentially limiting impact.⁵⁴ The review also noted the grants may risk increasing dependency on external assistance, rather than building more sustainable cooperation between communities and local and provincial administrations.

Australian support to church organisations to assist increased advocacy and engagement with government was successful in some respects. For example, the United Church has forged a working relationship with district officers and political heads in Milne Bay Province to assist service delivery. Under a Seventh Day Adventist Youth program, 150 young people participated in government-run training on HIV, health, education, vocational skills and community development. Seven church partners worked intensively with a range of community stakeholders to research the impacts of the LNG project on Hela Province, and followed up by brokering partnerships with government, the private sector and civil society organisations to work together to improve Hela Province's responses to LNG project challenges and opportunities. While progress in each instance has not been rapid, engagement in decision-making affecting communities is evident.

Furthermore, an independent review found that Australian aid was effective in building churches' capacities to more effectively plan and manage pro-poor development activities. The democratic governance program has been effective in strengthening church governance: Australian NGOs were supported to collaborate with PNG churches to improve: corporate planning; conducting governance and leadership training on gender, finance and human resource management; and collaborating to develop a common understanding of their role in pro-poor development. Churches delivered literacy programs for adults and children in remote

⁵³ Democratic governance programs prioritise inclusiveness and, accordingly, have ensured gender and disability inclusiveness within programs. More outcomes resulting from democratic governance initiatives are referred to in the gender and disability section in this APPR.

⁵⁴ *Independent Review of two Democratic Governance Programs in PNG Strongim Pipol Strongim Nesen (SPSN) and Church Partnership Program (CPP)*

areas and church village health volunteers in rural PNG supported birth attendants, medicine distribution, nutrition and immunisations, contributing to improved health service delivery.⁵⁵

Milne Bay Counselling trained more than 300 male and female volunteer counsellors (many of whom work in very remote areas in the province) to provide counselling services to women and men affected by FSV. They also developed PNG's first counselling competency standards, and a national training manual on counselling best practice. The standards and manual have been endorsed by the National Training Council and National Apprenticeships and Trade Testing Board. Thirty volunteer counsellors are working towards counsellor accreditation.

Australia continued to support local ownership for service delivery through training of 32 village birth attendants throughout the three local level governments in Obura – Wonenara District, a remote rural district with no road access and very limited access to services.

Strengthening electoral governance

While Australia contributed to supporting PNGEC to plan and deliver the 2012 General Election, the overall impact of Australia's efforts on the *credibility* of the election was marginal according to independent election reports. An independent evaluation of Australia's Electoral Support Program noted that short-term Australian assistance during the election helped reduce the risk of violence and disruption. Australian aid was also an important driver of improved voter awareness activities around major election events. However, the broader ambition to develop a national electoral and citizenship education program has not yet been realised. The review also found that Australia could pay greater attention to strengthening the broader institutional environment for elections, in addition to providing assistance to PNGEC. This report considered that the level of improvement in the election process did not match the effort invested.⁵⁶ Australian Civilian Corps and Australian Defence Force support made Australia's overall assistance an important, valuable contribution to PNG's general elections.

Independent reports refer to money, politics, bribery, violence, and intimidation undermining the legitimacy of the election process. Australia's support had limited influence over these issues. Despite this, these reports stated that, without Australian support, the elections would have not proceeded on time or would have performed worse. Australia will start a process jointly with the PNG Government to design a program of electoral support to PNG in mid to late 2013. Australia's engagement will focus on improved delivery and enhanced credibility of the 2017 General Election, the 2018 local level elections and by-elections.

Australia made effective contributions to electoral governance through its support to the PNGEC. The 2012 General Election was an important democratic process. Australia's support focused on building the PNGEC's internal capacity to manage free and fair elections, building electoral civic awareness, and improving electoral research, analysis and coordination:

- > An independent evaluation found that Australia's support for recruiting 22 assistant election managers contributed significantly to improving electoral management in provincial offices in 2012.

⁵⁵ The Salvation Army trained and supported village health volunteers in their roles as birth attendants and medicine and immunisation distributors. An evaluation of the village health volunteers program in 2012 indicated that it contributed to a decrease in unsupervised birth and an increase in access to immunisation for children.

⁵⁶ Limitations were evident in relation to the electoral roll (which remained flawed largely due to fraud, inadequate supervision of data collection and failure to enforce electoral law) and organisational culture, leadership and incentives within the PNGEC.

- > Australia's support for the development of a PNGEC website, including a results page receiving more than 4.4 million hits, and an elections results Facebook page, improved the transparency of the 2012 General Election.
- > Election civic awareness sessions were effective in raising awareness of electoral inclusiveness by including messages on HIV/AIDS, gender and disability. These sessions were delivered to approximately 1.6 million PNG nationals through partnerships between the PNGEC and more than 100 civil society organisations. Observer reports, however, found civic awareness sessions suffered from delays and would have been more effective if started earlier, avoiding overlap with candidate campaigning.
- > 120 domestic observers across PNG and independent election observer reports were funded by Australia to inform PNGEC reforms and future Australian support.
- > New polling stations were designed to accommodate the needs of voters with a disability were introduced through Australian support.

While improvements in democratic governance will be long term, Australia needs to better articulate its strategy and how it complements programs in public sector governance and other Partnership for Development sectors. A lack of clear strategy to guide Australia's democratic governance programs, combined with overly broad and ambitious objectives, limits Australia's and PNG's ability to accurately measure progress in this area. Australia will develop a new governance strategy, recasting Australia's objectives for democratic governance in PNG.

Box 3: Democratic governance program support for Mother Child Support Project

Ms Velesi Avosa gave up working as a primary school teacher to look after her six children when her husband evicted her and their children from their home. With no job and children to support, Ms Avosa moved back to a settlement on the outskirts of Port Moresby. The family lived in a tin shed with no septic toilet and no running water. They ate, on average, once a day. Although Ms Avosa was emotionally devastated, she realised there were women worse off than she was.

Ms Avosa founded the Mother Child Support Project to address a 'poverty of opportunity' among marginalised women being physically and emotionally abused and intimidated because they were uneducated, had married young, or were jobless. Ms Avosa wanted to help vulnerable women to be emotionally confident and rise out of poverty by providing practical training programs to enhance the skills of mothers, young women and children in daily income-generating activities.

'In August 2004, the desire to formalise the group took hold of me and I secured an office space for formal operations,' said Ms Avosa. 'It was not easy but I took the risk to do something to motivate the mothers to trust themselves and move on in life by using the skills that I was imparting to them.'

The group grew to an estimated 876 women undertaking advocacy and awareness on women's empowerment and identifying income opportunities. 'Our activities in the fourth year are focused in evaluating the outcomes of skills learning and how to help the lives of team leaders and members their respective communities.'

The Church Partnership Program that supported Ms Avosa is an Australian-funded initiative that helps church groups improve services to local communities in PNG, particularly in rural and remote areas. Collectively, churches provide about half of PNG's health and education services and in many parts of the country they are the only source of such services.

Objective 7: Gender equality and women's empowerment

Gender equality and women's empowerment

Red

Australia has rated its progress against this objective under the Partnership for Development as red in 2012–13. This rating was maintained from 2011. While progress was made against some gender equality objectives, progress was weaker than expected. More direct emphasis on gender equality is required within sector strategies and more explicit objectives required in each Partnership for Development schedule.

Gender equality and women's empowerment is critical to PNG's economic and human development. Australia's gender objectives in PNG are framed by the Australia – PNG gender strategy, *Equality Matters*. They are also informed by the four pillars of DFAT's broader gender strategy *Promoting opportunities for all: Gender equality and women's empowerment* and the Pacific Women Shaping Pacific Development Gender Initiative. *Equality Matters* will be revised to align with the other two strategy documents.

Australia's support aims to: advance equal access to gender-responsive health and education services; increase women's voice in decision making, leadership and peace-building; empower women economically and improve their livelihood security; end violence against women; and support PNG leadership on gender issues.

From January 2012 to June 2013, Australia will have spent an estimated \$6 million on gender equality and women's empowerment in PNG. Australian expenditure in this area will continue to increase. At the Pacific Islands Forum in August 2012, Australia's Prime Minister announced the Pacific Women Shaping Pacific Development Gender Initiative. Of this \$320 million commitment, \$57.7 million is allocated to PNG over 10 years (2012–22), with the first activities starting in 2013.

Women and girls face major challenges in PNG, including:

- > extremely high levels of FSV
- > limited employment opportunities
- > limited access to health and education services
- > low levels of representation in political and decision-making roles.⁵⁷

In the 2013 UNDP Human Development Report, PNG ranked 134 of 148 countries, with a value of 0.617.⁵⁸ This indicates that gender inequality in PNG has led to a 61.7 per cent loss in potential human development. PNG also ranked 125 of 128 countries in the Economist Intelligence Unit's Women's Economic Opportunity Index 2012.⁵⁹ This low ranking resulted from generally poor educational achievement for women and minimal legal support in the workplace. PNG has not conducted a national, comprehensive prevalence study on gender-

⁵⁷ The UN Special Rapporteur on Violence against Women, its Causes and Consequences, Ms Rashida Manjoo, visited PNG in March 2012 and found that violence against women was pervasive, with a wide range of manifestations occurring in the home, community and institutional settings.

⁵⁸ UNDP, *Human Development Report 2013*, Gender Inequality Index, p. 156.

⁵⁹ Economic Intelligence Unit, *Women's Economic Opportunity 2012*.

based violence since the Law Reform Commission's research in the 1980s. In 2013, however, Australia will support the UNDP to conduct a national FSV prevalence study.⁶⁰

Gender equality has not progressed significantly in PNG. There is an opportunity for Australia to harness PNG government support on women's issues by advocating for greater government budget commitment to gender equality interventions and greater scrutiny on implementing agreed interventions.⁶¹

Despite positive public messages from the PNG Government on gender equality, Australia has not had much traction on real changes and needs, which would enable us to continue to raise gender equality as an issue at the highest level. In particular, Australia will continue to work with the PNG Government to focus on activity implementation in support of public statements.

Health and education

Two Partnership for Development targets specifically relate to gender. Under education, the target is to increase the percentage of female primary and elementary school pupils towards gender parity. Under health, the target is to increase the percentage of deliveries being supervised by skilled staff.

Through the Education Program, Australia is improving equitable access to provision of education infrastructure and school subsidies in support of the PNG Government's tuition fee-free policy. In 2012 Australia built 116 new double classroom kit-sets which included ablution blocks, making it easier for girls to attend and stay at school. Australia's Incentive Fund enabled the refurbishment and construction of infrastructure at three of the four all-girl schools in PNG under Phase III. The Australia Awards aim for gender equity and in 2012, 77 of the 152 Australia Award Scholarships to study at Australian universities were awarded to women.

Through the Health and HIV/AIDS Program Australia funded scholarships for 73 new midwifery graduates in 2012 as part of an overall \$66 million package to fund 1400 community health worker, nursing and midwifery scholarships by 2015. Australia has also funded eight clinical midwifery facilitators to work at all four PNG midwifery schools to improve the quality of midwifery education, and will complete major refurbishment of all four schools in 2013.

Women's voice in decision making, leadership and peace-building

Australia also assisted women to attain leadership positions in PNG. Before the 2012 national elections, 74 of the 135 women who contested seats (and their campaign managers) attended Australian-funded training through the Centre for Democratic Institutions on the fundamentals of election campaigning. Participants included two of the three successful female members elected to parliament—the largest female representation since the first elections in 1977.

⁶⁰ Following the horrific killing of a young mother in Mt Hagen in February 2013, sorcery allegations and related violence have come to national and international attention. The PNG Government, along with Australia, the United States and the UN, has publicly deplored such violence. Following the submission of a report on the Sorcery Act by the PNG Constitutional and Law Reform Commission in March, Prime Minister O'Neill committed to repealing the law in 2013. The National Executive Committee has approved the draft Family Protection Bill and the Department of Justice and Attorney-General is preparing the submission to introduce the Bill to Parliament. The Bill will make domestic violence a specific offence and provide other protections for survivors of FSV or child abuse.

⁶¹ For example, Prime Minister O'Neill, in 2013, released the National Public Service Gender Equity and Social Inclusion Policy. This policy sets targets for increasing the representation of women in the public sector by 15 per cent by 2015, and increasing the number of women in leadership and decision-making roles.

In the law and justice sector, Australia and PNG's law and justice partnership supports equal opportunity policies, including the adoption of targets for greater gender representation in workforces and training targets in the law and justice sector. In the second half of 2012, 100 women were appointed as magistrates, more than 100 women nominated as village magistrates and 85 women participated in training (around 15 per cent of all officials trained). There are now more than 900 female village court magistrates—up from only 10 in 2007—but this still only represents approximately 8 per cent of magistrates.

Economic empowerment

As well as being an equal opportunity issue, the underutilisation of PNG's female population in the workforce significantly inhibits economic growth and development. The *Strongim Pipol Strongim Nesen* (SPSN)'s grants, provided under the Australian funded Democratic Governance Program, supports local civil society organisations to run projects aimed at increasing women's economic empowerment and livelihoods, including microfinance and savings activities. In 2012, through SPSN grants, Australia trained nearly 3000 women in technical, vocational or life skills. Australia's Church Partnership Program also funded church-run activities, which develop women's capacities and skills through education and training (see Box 3). While contributing to some positive outcomes, activities funded through the SPSN and Church Partnership Program are mostly small-scale and ad hoc. Increasing the capacity of civil society, the churches and the private sector to meet the needs of communities, including through economic empowerment and livelihood security, remain important. Australia's Prime Minister announced, in the visit to PNG of 9 to 10 May 2013, Australia's support for the Pacific Women in Business Initiative. This initiative will further the economic empowerment of women, with an initial focus on developing and implementing policy to improve women's welfare and safety at work, and supporting and promoting more women leaders in business.

Box 4: Papua New Guinean Women in Leadership: Governor Julie Soso-Akeke

The Hon Julie Soso-Akeke MP is the first woman in PNG's history to be elected to the position of Governor. She is also the first woman ever to be elected to the national Parliament in a Highlands province. Her election follows three attempts to enter the PNG National Parliament—1997, 2002 and 2007. The Hon Soso-Akeke is a member of PNG's Triumph Heritage Empowerment Party. She comes from Asariufa Village near Goroka town.

The Governor has a long history of engagement in local and provincial politics, particularly in representing women's interests at national and provincial levels. Her previous key positions include President of the Eastern Highlands Council of Women and Deputy Chair of the Eastern Highlands AIDS Council. Key achievements include establishing and strengthening the Eastern Highlands Provincial Council of Women network into eight districts, through which women are taking up leadership roles and working to improve living standards. In 2000, the Governor mobilised, planned for and staged the Highlands Regional Women's Inaugural Cultural Show, and in 2000 she was awarded the Silver Jubilee medal in recognition of her contributions towards PNG's development.

In 2012, the Hon Soso-Akeke participated in the Australian Government-supported PNG Political Candidates Training developed by the Australian Centre for Democratic Institutions in partnership with the PNG Office for the Development of Women and the UNDP (two of the three new female Members of Parliament elected in the 2012 elections received this training). PNG has the highest number of women in PNG's Parliament since the 1977 General Election.

Violence against women

Domestic violence leads to significant social and economic costs in any country.⁶² Australia has a sharp focus on ending FSV and on ensuring services are provided for survivors. As well as supporting an increase in the number of female magistrates in village courts, Australia and PNG's law and justice partnership has supported the establishment of nine FSVUs in police stations; supported the Department of Justice and the Attorney-General with progressing the Family Protection Bill; and supported the OPP's Family and Sexual Offences Unit. In 2013, Australia will support the Highland's Women's Human Rights Defenders Network, which focuses on prevention work to end violence against women. Through the SPSN, Australia manages several projects which address FSV at provincial and community levels, including the *Komuniti Lukautim Ol Meri* project run by Family Health International 360; the Family and Sexual Violence Action Committee; NGO Eastern Highlands Family Voice; and projects for strengthening provincial government and civil society capacity to address FSV.

Objective 8: Bougainville

Bougainville

Amber

Australia has rated progress against joint objectives in Bougainville as amber in 2012–13. Australian aid to Bougainville was not rated in the 2011 APPR⁶³. While some Bougainville-specific results are captured by our national sector programs (outlined below) it is difficult to obtain disaggregated data on Bougainville and a more consistent approach to information collection is required. A M&E framework for Bougainville will be developed to establish clearer baseline indicators from which to measure change.

Reflecting Australia's increased focus on Bougainville, estimated aid expenditure from January 2012 to June 2013 was \$42 million. Consistent with the Partnership for Development, the bulk of Australia's aid to Bougainville is provided through Australia's priority sectors—health, education, law and justice, and transport infrastructure. Support in these priority sectors improves service delivery across Bougainville by providing direct delivery in the short term and building Autonomous Bougainville Government (ABG) capacity in the long term.

Bougainville continues to recover from its decade-long, large-scale violent conflict (1988 to 1997). The Bougainville Peace Agreement committed to a referendum on its independence to be held 10 to 15 years after the inauguration of the ABG in 2005.⁶⁴

The peace agreement provided the ABG with the right to assume autonomy and take control of a wide range of powers, functions, personnel and resources from the PNG Government. To exercise these powers, the ABG must develop its own policies and legislation and build relevant capacity (including financial and staffing resources). However, ABG capacity remains weak. It is struggling to address the challenges of rebuilding and restoring service

⁶² A 2004 World Bank report provides some insight, as does the latest World Development Report on gender (WDR2012). From these documents, some of the key economic impacts of gender-based violence are: direct costs, which are incurred because of domestic violence and include, but are not limited to crisis services, legal services and medical expenses; indirect costs, which cover impacts on the productivity and earnings of women who are abused, including productivity loss from early death or days out of the workforce due to injury. These can also include costs (lost productivity and lower tax revenues) incurred from the incarceration of the abuser, as well as some health costs (for example, the need for counselling in later life or support for children who have witnessed violence).

⁶³ Prior to 2012-13 Aid Program Performance Reports were called Annual Program Performance Reports.

⁶⁴ Clause 312, *Bougainville Peace Agreement*, signed 30 August 2001.

delivery, and struggling with the impact of increased autonomy and how to manage sensitive issues, including mining, peace and reconciliation, and weapons disposal. Despite some improvements, basic service delivery remains uneven across Bougainville.

Australia has continued to improve the coherence and impact of the program in Bougainville by developing *A Framework for Australian Aid to the Autonomous Region of Bougainville 2013–15* in consultation with the PNG Government and ABG. The framework will guide Australia's aid program in Bougainville until the end of 2015. Under the framework, Australia is assisting with the implementation of the Bougainville Peace Agreement, improving service delivery and supporting employment-focused economic development. Australia has also expanded support through its sector programs, which are delivering assistance targeting Bougainville-specific needs, including in health and education.

The three objectives of the Bougainville Peace Agreement are discussed here.

Objective 1: Implementation of the Bougainville Peace Agreement (good governance, weapons disposal and peace building)

Australia and the ABG finalised a number of infrastructure projects under the Governance and Implementation Fund in 2012 and established a Program Management Unit, which strengthened project cycle management across ABG. Through the SPSN, Australia is working with the ABG and the Panguna District Administration to develop and implement the Panguna Peace Building Strategy. This community-based strategy will build and maintain an environment for peace building and weapons disposal in Bougainville. Australia funds a Weapons Disposal Adviser to assist the ABG in developing plans and programs for disposing weapons, including through community-based approaches to peace building, reconciliation and reducing localised armed conflict. However, little progress has been made on outstanding reconciliation and weapons disposal issues in Bougainville, despite acknowledgement by the ABG and PNG Government of their importance.⁶⁵

Objective 2: Service delivery

Bougainville's health statistics are better than the average for PNG, although there is great variance across the region. Australia's support has had mixed success.⁶⁶ In 2012–13, Australia supported the development and approval of the Health Service Master Plan 2012–2030 for Bougainville.⁶⁷ This plan sets out a long-term vision and identifies four short-term priorities: improving maternal health; rehabilitating rural health facilities; training the current workforce; and establishing a Bougainville Health Authority. In 2012–13, Australia also supported a Direct Facility Financing trial to provide one-quarter of health facilities in Bougainville with training and direct funding.

Education is of vital importance to Bougainville with many children growing up during the crisis without any education. Australia's support for education in Bougainville focuses on the six key areas of the Partnership for Development commitment: school subsidies; school infrastructure; education materials; school management; teacher training; and education management. In 2012–13, 25 000 Bougainvillean children and their families benefited from Australian support to the School Subsidy Scheme. Australian supported teacher training and education infrastructure projects which also improved the learning environment as well as health and hygiene in 10 primary schools across Bougainville.

⁶⁵ S Archibald and L Morrissey (2011), Cardno Emerging Markets, *Independent Completion Report: UNDP—Third Party Cost Sharing Arrangement for the Bougainville Program, Agreement 46400, INH205—PNG Sub-National Strategy*, March 2011.

⁶⁶ S Richards et al (2012), *Autonomous Region of Bougainville Health Capacity Diagnostic Report*, p. 5.

⁶⁷ ABG (2012), *The Bougainville Plan for Health 2012–2030*.

Australia also helped develop the Bougainville Transport Plan 2012–2015. The plan identifies key priorities for transport investment and concentrates on maintaining the feeder road network so it is accessible for all rural dwellers to government services and markets.⁶⁸ Australia also maintained 179 kilometres of national priority roads and 323.9 kilometres of other roads in Bougainville.⁶⁹

In 2012–13, Australian law and justice support provided infrastructure work on police stations, housing and correctional facilities.⁷⁰ Australia also provided technical assistance to the Bougainville Police Service, including with financial planning and training, and provided the ABG Law and Justice Division and Correctional Services with short and long-term advisers.⁷¹ Australia also supported the National Court to carry out circuits to Arawa and Buin⁷², meaning Bougainvilleans did not have to travel to Port Moresby for court hearings.⁷³ In 2013, the law and justice sector deliberately shifted its focus to improving the delivery of justice services with renewed emphasis on supporting the effective operations of the village courts, training magistrates on applying interim protection orders and developing direct institutional links between the Bougainville police force and the RPNGC national training centre.

Objective 3: Employment-focused economic development

The Panguna Copper mine presents a long-term opportunity for Bougainville's economic development. However, significant risks need to be worked through and processes carefully managed. Decisions about the mining sector are for the ABG, the PNG Government and the people of Bougainville to determine. At the ABG's request, Australia has provided modest technical advisory support to help with mining policy development and planning. Through the Governance and Implementation Fund, Australia funds advisory assistance for the upcoming review of the Bougainville Copper Agreement. This has helped form landowner associations, including an umbrella one in the Panguna area. Under the Provincial and Local Level Governments Program Phase II, Australia funds other advisory assistance to help the ABG translate its mining policy into legislation. Australia also funded an ABG-led mining workshop in Australia (Canberra) in February 2013. The workshop brought together representatives of the ABG, the PNG mining sector and academia to discuss how to frame mineral ownership in ABG's draft Bougainville Mining Transitional Act.

⁶⁸ PNG – Australia Transport Sector Support Program, Draft 2012 Bougainville Annual Sector Performance Report, 1 January 2012 – 28 February 2013, released March 2013, p. 8.

⁶⁹ *Ibid.*, p. 6.

⁷⁰ Fact sheet no. 17, *PNG – Australian Law and Justice Partnership: Autonomous Region of Bougainville*, February 2013.

⁷¹ *Ibid.*

⁷² *Ibid.*

⁷³ Fact sheet no. 17, *PNG – Australian Law and Justice Partnership: Autonomous Region of Bougainville*, February 2013. Am repeating the reference since it's fallen on another page. We always aim to avoid having the reader flip back and forth.

Objective 9: Crosscutting support

Crosscutting:

- > climate change, disaster risk reduction and disaster responsiveness
- > disability-inclusive development

Amber

Amber

9a Climate change, disaster risk reduction and disaster responsiveness

Australia's Disaster Risk Management Program is rated as amber because an independent review in March 2013 found its approach was not fully effective and did not meet Australia's overarching commitment to focus effort in areas where Australia can make a difference and where resources can be most effectively and efficiently deployed. Other recommendations included the need to better integrate disaster risk reduction with other sectors and climate change activities. Disasters can set back development by many years in any country. Minimising their negative impacts is an important part of Australia's aid program in PNG.

Australian support aims to contribute to PNG's goal of safe and resilient communities in high-risk provinces through:

- > increasing the capacity of government and NGOs to manage disaster risks and respond effectively
- > supporting better informed and better prepared high-risk communities so they are able to respond to disasters
- > improving livelihoods through better management of forest resources and community resilience to the impact of climate change.

The PNG Government will finalise its climate change policy in 2013. It has also strengthened its commitment for emergency response, pledging K50 million in January 2013 to respond to disasters.

In 2012, Australia contributed \$3.6 million to disaster risk management in PNG through:

- > supporting the Rabaul Vulcanological Observatory's public awareness campaigns⁷⁴
- > maintaining pre-positioning of relief supplies⁷⁵
- > ensuring 25 fully trained Australian Government emergency response team members were available for immediate deployment to support PNG government emergency responses
- > providing technical support to West New Britain's Provincial Disaster Multi-Hazard Contingency Plan and technical support to National Capital District in the development of the Community Based Disaster Risk Management Manual and Procedure
- > supporting the PNG Red Cross to provide a disaster management specialist to build capability at national and provincial headquarters and contribute to strengthening 14 branches across PNG, and increasing the number of volunteers from 200 in 2011 to 700 in 2012, increasing the capacity of the Red Cross to assist more than 40 000 people affected by the January 2013 floods, particularly in Oro Province
- > providing timely emergency aid to victims of several disasters.⁷⁶

⁷⁴ Approximately 1559 women and 3703 children received preparatory training on how to respond in the event of volcanic eruptions.

⁷⁵ Such as tarpaulins, water containers and blankets in Port Moresby and Lae for quicker, more effective emergency response.

Australia's climate change program in PNG is small scale, and progress on some programs has been slow. However, some encouraging results have been achieved through NGO-led community-based programs. Challenges include the small number of NGOs working in the climate change sector that have capacity to deliver effective programs.

In 2012–13, Australia supported activities contributing to improved climate change mitigation and adaptation in vulnerable communities in PNG including:

- > community-based grant funding for adaptation projects in Manus Island and Milne Bay, resulting in community access to drought-resistant crops for food security, greater climate change awareness and village adaptation plans
- > expanding the capacity of the PNG Meteorological Service to provide essential meteorological and climate services.⁷⁷

9b Disability inclusiveness

Disability inclusiveness is a social equity and an economic enabling issue in any country. It contributes to greater workforce participation and less reliance on social welfare and services. PNG is a focus country under *Development for All: Towards a disability-inclusive Australian aid program*. The first year of implementation for the disability-inclusive development program was 2012. It supports PNG's capacity to deliver on national disability efforts. Disability inclusiveness has been integrated into some components of our aid program in PNG. However, there are further opportunities to mainstream disability inclusion.⁷⁸

An independent review of Australia's support for electoral governance found the PNGEC to be among world leaders in working to ensure disability is not a barrier to election participation. Papua New Guineans were able to enrol and vote at disability-enabled locations for the first time during the 2012 General Election.

Under the Education Program, a cost-effective ramp design was developed and is included with new Australian classroom infrastructure.

The Australian Government also funds disability projects by partnering with Motivation Australia, PNG Assembly of Disabled Persons, Department for Community Development, National Disability Resource and Advocacy Centre, Oro Kinse & Disabled Association, Hoskins Disability Sports Organization, Manus Disability Sports Association, Cheshire Disability Services of PNG, and Women with Disability.

Monitoring and evaluation

The department's Performance Management and Evaluation Policy requires an independent evaluation for investments of more than \$3 million. This is complemented by independent reviews by the Office of Development Effectiveness and an annual monitoring system with which any Australian investment worth \$3 million or more must comply. The annual

⁷⁶ Vulnerable women, men, girls and boys in flood-affected communities in the South Fly District received 300 x 10 litre water containers for safe water. Water containers and Government of PNG medical supplies were transported by a pre-scheduled Australian Defence Force flight (RAAF C130) to affected provinces. Displaced population in Hides landslide received 100 x 10 litre water containers, 1000 aquatabs for safe water, and 51 tarpaulins for temporary shelter. In partnership with the WHO, vulnerable women, men, girls and boys in Bougainville communities affected by a dysentery outbreak received 15 000 aquatabs for safe water. Funding was provided to deploy a medical team to the worst-affected areas for further surveillance and basic sanitation and hygiene awareness. In partnership with the Red Cross, survivors of the MV Rabaul Queen Ferry disaster received 250 blankets and 250 sleeping mats for temporary shelter.

⁷⁷ The PNG National Meteorological Services provides seasonal forecasts for climate-sensitive sectors such as agriculture, fisheries, tourism and public health, enabling them to prepare for droughts and extreme events.

⁷⁸ mid-term review of the Development for All strategy.

monitoring system and independent evaluations are the primary information source for APPRs prepared by DFAT.

The limitations of any self-ratings system make it important to be careful when interpreting trends, such as with Quality at Implementation (QAI) data. The PNG Program has been making changes to further strengthen its moderation process to ensure highly robust ratings. The number of ‘unsatisfactory’ ratings (3 and below) for M&E in PNG QAIs increased significantly from 18 per cent in 2011 to 67 per cent in 2012. This may be partly explained by the raised standards, skills and expectations in the Australian Government’s aid program in recent years in respect to performance monitoring. Program managers acknowledge difficulties in monitoring performance in PNG and this is reflected in a shift from stronger judgments to more moderate effectiveness ratings (ratings of ‘good or better’ effectiveness decreased from 55 per cent in 2011 to 23 per cent in 2012, while ratings of ‘satisfactory’ effectiveness increased from 39 per cent in 2011 to 74 per cent in 2012).

In 2012, the QAI moderation team noted the following M&E challenges for the PNG Program:

- > significant variation in the extent to which M&E systems across programs are generating the data necessary to monitor program effectiveness
- > sector teams regularly and extensively collecting information from outside their stated M&E systems to monitor progress, bringing into question the usefulness of some M&E systems, and going some way to explaining the overall low scores against this criterion
- > the operating environment, which can impede the ability of teams to dedicate the time needed to monitor outcomes
- > the inconsistent availability and use of credible statistical information with data rarely disaggregated by gender
- > the absence of disability disaggregated data provided in QAI reports.

More positively, a number of Australia’s sector programs have undertaken, or are planning to undertake, impact studies which will yield more useful data on program outcomes and impact. There are also positive signs in PNG of an increasing awareness of, and a willingness to, improve M&E.

Management consequences

A number of priorities emerged in Australia’s aid program to PNG in 2012–13 that need attention at senior and sector management levels.

Australia will:

- 1 Complete a country situation analysis and associated analytical work to consider the PNG country context and inform discussions between the Australian and PNG governments and other donors. The situation analysis is an Australian Government tool used to inform high-level development assistance priorities. Based on wide consultation and assessment of development, it will inform the program’s future direction.
- 2 Continue to work on jointly identifying and supporting agreed priorities through the budget engagement process in 2013. Australia will provide technical assistance to PNG for proposed budget reforms (including introducing multi-year budgeting and integrating development and recurrent budgets).
- 3 Progress a reform agenda with the Government of PNG to support improved service delivery outcomes for Papua New Guineans, including through:
 - procurement systems reform

- greater, more targeted and effective investment in PNG’s service delivery workforce
 - strengthened sub-national capacity to spend increased budgets effectively
 - minimised risks and maximised opportunities in the Government of PNG’s infrastructure and education agendas
 - greater progress on anti-corruption.
- 4 Embed deeper poverty impact analysis to inform better programming decisions.
 - 5 Continue to strengthen the department’s analytical capability to better:
 - engage in economic policy discussion with the PNG Government
 - improve understanding of the political economy to identify where there is political will to support reforms and where Australia can opportunistically engage
 - identify opportunities to support civil society to work more effectively with the PNG Government.
 - 6 Prioritise partnerships with civil society, NGOs, the private sector and other coalitions to support drivers of positive change in PNG.
 - 7 Introduce regular coordination mechanisms between Australia’s governance and sector programs, to ensure investments complement one another and ultimately reduce poverty.
 - 8 Strengthen coordination mechanisms between Australia and other donors to ensure policy messages and investments complement one another.
 - 9 Continue to strengthen the M&E capacity and systems of DFAT, other Australian Government agencies and the PNG Government. This will include steps to measure program impact and outcomes. It will also support a whole-of-PNG-government commitment to improved monitoring and data collection.
 - 10 Complete a performance assessment framework by December 2013, in consultation with the PNG Government, to support joint performance monitoring against partnership targets.
 - 11 Continue to hold high-level discussions with the PNG Government on the Infrastructure Development Authority, Sovereign Wealth Fund and Independent Health Procurement Authority, and provide technical assistance to ensure the effective planning and implementation of these mechanisms.

In addition to these priorities, a number of sector management priorities have emerged for 2013–14, including in the following areas.

- 1 *Health*—Developing whole-of-government strategies for financing and reforming medical supply; deploying technical assistance to priority provinces; and addressing performance of multilateral partners through high-level forums. Continuing to advocate for the PNG Government to prioritise and adequately fund its National TB Strategy.
- 2 *Education*—Through regular discussions between senior Australian and PNG government officials, Australia will:
 - a. Progress a basic and secondary education quality agenda focusing on critical issues such as training teachers, developing curriculum and enhancing accountability of the School Subsidies Scheme. Australia will contract M&E for the Education Program to improve collection of program performance data.
 - b. Support PNG’s quality agenda for higher education and discuss ways to support post-secondary institutions to expand places to better meet demand, subject to quality assessments. This approach will make use of existing institutions, allow steady building

of academic capacity and provide sufficient time to improve institutional readiness for increased enrolments.

- 3 *Law and justice*—Developing a whole-of-government sector delivery strategy to frame the designs of new programs for Australia’s support to this sector through three agencies—the Department of Foreign Affairs and Trade, Australian Federal Police and Attorney General’s Department. These agencies will share a focus on supporting the delivery of more effective law and justice services to Papua New Guineans, reducing the impact of violence and conflict. They will also focus on improving M&E of sector impacts.
- 4 *Transport infrastructure*—Advocating for more PNG government recurrent funding for road maintenance; addressing issues with the predictability of multi-year funding flows and systemic procurement constraints; securing commitment to enhanced performance monitoring of road maintenance; improving procurement processes and road safety; and ensuring Australia has capacity to manage large infrastructure projects and associated procurement reforms.
- 5 *Governance*—Implementing a new governance strategy including: focusing more on service delivery bottlenecks; developing incentives and accountability; expanding community-level governance interventions; and redesigning Australian electoral assistance. We will develop the new governance strategy in consultation with government and non-government actors using an approach that works within and beyond government.
- 6 *Gender*—More directly emphasising gender equality in sector strategies and making gender a more explicit objective in each Partnership for Development schedule. Advocating for greater PNG Government budget commitment to gender equality interventions; applying greater scrutiny to the implementation of agreed interventions; and improving our coordination and capacity for effective gender equality interventions in PNG.
- 7 *Bougainville*—Improving coordination between sector programs and the Bougainville Aid Framework to ensure programs are adapted to the Bougainville context. Monitoring progress against target outcomes in Bougainville; and expanding the program’s focus from reconstruction and peace-building to include stronger emphasis on enhancing service delivery in Bougainville.

Progress against 2011 management consequences is reported on in Annex A.

Table 3 Risks associated with the program and management actions

Most significant risks	Management response— What? Who? How? When?
<p>Security environment in PNG continues to present serious concerns for staff safety. Workplace health and safety risks compel vigilance to manage risks for all aid personnel.</p>	<ul style="list-style-type: none"> > Robust security policies and security risk assessment frameworks in place along with procedures to be followed at all times. > Security awareness training provided to staff in Canberra and those deployed at Post. > Executive sign-off required for all staff travelling to highly dangerous areas. > All aid personnel trained to identify and report workplace health and safety risks in their workplaces.
<p>Australian Government funds are mismanaged or lost through fraudulent means, not reported to DFAT until very late or discovered through commissioned audits.</p>	<ul style="list-style-type: none"> > PNG and Australia governments signed a joint statement on Zero Tolerance to Fraud in aid activities on 4 October 2012. > Implementation of Fraud Control Implementation Strategy in collaboration with program areas. > High-level support to Government of PNG departments, NGOs, Implementing Service Providers to fight fraud and corruption. > Bi-annual fraud training at Post by Fraud Control Strategy team in Canberra.
<p>Despite positive messages from PNG's Prime Minister, governance in PNG remains weak, reducing quality of engagement between Australia and PNG and increasing development and reputational risks.</p>	<ul style="list-style-type: none"> > Engagement with Government of PNG and central agencies including through <i>Strongim Gavman</i> Program advisers. Undertake a review of governance to inform a new governance framework and the new program design to be prepared in 2013. > Australian aid program to improve capacity to undertake political economy analysis.
<p>Not able to assess in detail progress against development indicators due to lack of development data, weak statistics and M&E capacity; weak methodology for measuring results making it difficult to publicly demonstrating progress; difficulty measuring progress leads to pursuance of measurable rather than transformative activities.</p>	<ul style="list-style-type: none"> > Partnership for Development and performance assessment framework to align with a selection of key performance indicators and support better M&E and data collection; building sector specialists cadre to support this work.
<p>The department not equipped to conduct or manage research and analysis, and interpret it to inform strategies and lead policy discussion.</p>	<ul style="list-style-type: none"> > Pacific Division developing an analytical agenda to prioritise analyses; engaging sector specialists to support program managers in policy discussions and strengthen staff specialist capabilities. The next phase of the workforce plan to set directions for long-term specialist skills development (first draft expected in the last quarter of 2013).
<p>Australia's support to PNG's efforts to reduce TB in Western Province fails to adequately reduce risks of transmissions; time and resources diverted from reducing TB due to competing issues.</p>	<ul style="list-style-type: none"> > Effective detection, treatment and control of sensitive and multidrug resistant TB. WHO review of progress in developing TB services (November 2012). Review long-term strategy with key stakeholders in 2013.

Acronyms

ABG	Autonomous Bougainville Government
ADB	Asian Development Bank
APPR	Aid Program Performance Report
APPR	Annual Program Performance report
APTC	Australia-Pacific Technical College
AusAID	Australian Agency for International Development
CHASI	Catholic HIV and AIDS Services Inc
DoE	Department of Education
FSV	Family and sexual violence
FSVUs	Family Sexual Violence Units
LNG	Liquefied natural gas
MDR-TB	Multi-drug-resistant TB
NGO	Non-government organisation
OPP	Office of Public Prosecutor
PNG	Papua New Guinea
PNGEC	PNG Electoral Commission
QAI	Quality at implementation
RPNGC	Royal PNG Constabulary
SPSN	Strongim Pipol Strongim Nesen
TB	Tuberculosis
TVET	Technical and vocational education training
TB	Tuberculosis
UN	United Nations
UNDP	United Nations Development Programme
WHO	World Health Organization

Annex A

Progress in addressing 2011 management consequences

Management consequences identified in 2011 APPR	Rating	Progress made in 2012-13
<p><i>Consolidation and coherence of Australia's support</i></p> <p>To influence the changes necessary for strengthened service delivery, public sector governance and democratic governance, Australia's aid program is working simultaneously across national, provincial, district and community levels. For these efforts to collectively produce service delivery results, we will need to work more consistently and coherently as an aid program.</p> <p>We will build on the strong consolidation efforts of 2011, with a focus on finalising the health and HIV/AIDS integration already underway.</p> <p>We will also continue to strengthen our focus on the provinces, and particularly the Autonomous Region of Bougainville, to improve the coherence and impact of our program. In 2012, we will re-invigorate the roles and expand the presence of our provincial teams, and will develop an implementation plan for the Australian engagement strategy in Bougainville.</p>	Green	<p>A new PNG governance strategy (due for completion in 2013) was progressed in 2012-13 to present a clear, shared understanding of governance for greater program cohesion. This includes between the suite of governance programs and between governance and sectoral programs.</p> <p>Health and HIV teams were effectively integrated in 2012, including through staffing, work sites and a joint health and HIV implementing service provider.</p> <p>Australia continued to engage at provincial level to support decentralised government agencies through the Provincial and Local Government Program with nine Australian Government staff in five provincial offices (Eastern Highlands, Western Highlands, Milne Bay, East New Britain and Bougainville) and 36 advisers.</p> <p>Australia has continued to improve the coherence and impact of the program in Bougainville by developing A Framework for Australian Aid to the Autonomous Region of Bougainville 2013-15 in consultation with the PNG Government and ABG. The framework is guiding Australia's aid program in Bougainville until the end of 2015. Under the framework, Australia's assistance to Bougainville is assisting with the implementation of the Bougainville Peace Agreement, improving service delivery, and supporting employment-focused economic development. Australia has also expanded support through its sector programs, which are delivering assistance targeting Bougainville-specific needs, including in health and education. There is no M&E framework for Bougainville. We will contract an M&E specialist to work on one in 2013-14.</p>
<p><i>Greater analysis of incentives and mechanisms to affect positive change</i></p> <p>Understanding where to place our efforts to have the greatest influence in the current operating environment is driving the program's need for greater analysis. Drawing on new and existing analysis to develop a country situational analysis is a priority, as is gaining a deeper understanding of the incentives and mechanisms to increase political will and public demand to address blockages in service delivery chains.</p> <p>Effective governance is particularly important in an environment of narrowly based resource revenues and heightened expectations of windfall LNG revenues. However,</p>	Amber	<p>Australia-commissioned analytical papers on sectoral issues in 2012 that were used to generate a draft country strategic analysis. This work will be finalised in 2013.</p> <p>Throughout 2012 and early 2013, PNG governance programs underwent a series of reviews, including of the overall PNG governance program through the Australian Government-commissioned Morris Review. Through the design of the new PNG governance strategy (due for completion in 2013) the program will work towards developing a clear, shared understanding of governance; program cohesion between the suite of governance programs and the governance and sectoral programs; and realistic, achievable, program objectives.</p>

Management consequences Identified In 2011 APPR	Rating	Progress made In 2012–13
<p>building the capacity of the public sector to help Papua New Guinea translate the economic growth into improved livelihoods remains a significant challenge. In 2012 we will undertake an in-depth analysis of governance in Papua New Guinea to enable a more effective program of support to be designed for the future. We will also strengthen the economic capability of the Post to enhance analytical capacity and economic policy engagement.</p> <p>Following the outcomes of the elections, we will review the assistance provided by Australia to consider future engagement in the sector.</p>		<p>In 2012, Australia’s electoral assistance was independently evaluated. The Australian Government will begin to design a program of electoral support to PNG in mid-late 2013. The new design will bear in mind delivery and credibility of the 2017 General Election and 2018 local-level elections. It will also support electoral system reform, as it relates to improved delivery of credible elections. This new program of support is expected to start by 2015. Other existing reports, such as election observer reports and reports by PNG academics, will inform future support.</p>
<p><i>Improve our ability to define and measure results and impacts</i></p> <p>The partnership dialogue with Papua New Guinea’s government in 2012 will seek to refine indicators and targets to ensure we are measuring the right results to know how we are tracking to meet the partnership priority outcomes. Australia will place particular emphasis on the flagship sector, education, to assist Papua New Guinea address underlying issues with measuring progress towards universal basic education. Specific focus will also be given to achieving and measuring results in education quality.</p> <p>The Papua New Guinea performance assessment framework will be further refined in 2012 to include the measurement of impacts of Australia’s aid program. Through this work, the program will further position itself to report against the agency-wide results in the comprehensive aid policy framework.</p>	Red	<p>During the 2012 Partnership Talks, PNG and Australia revised the partnership schedules for the four priority sectors. These revised schedules included new indicators and targets to support better performance measurement. Lack of progress was made on addressing underlying issues with measuring progress toward education targets. There continues to be a lack of credible and reliable enrolment data from the Department of Education, due in part to inflation of enrolment figures under the new tuition fee-free education policy. In 2012, the program secured joint partnership commitments to education quality through new targets in the revised Partnership for Development schedule.</p> <p>Australia’s performance assessment framework was used in 2012 as a planning and management tool to support performance assessment for the APPR and reporting against comprehensive aid policy framework results. Australia will complete the performance assessment framework for the PNG country program by December 2013, in consultation with partners, to support measuring progress towards outcomes and help managers determine how the program is performing and the factors involved.</p>
<p><i>Further efforts to address gender equality</i></p> <p>Australia remains deeply concerned about the lack of progress on gender equality in Papua New Guinea. Acknowledging the difficulty of measuring the impact of stand-alone awareness raising activities, the aid program will undertake to clearly articulate, in advance, the intended results of gender equality activities. In addition to expanding support to address family and sexual violence, more effort will be directed to addressing issues of women’s leadership, economic empowerment, education and promoting livelihood development.</p>	Red	<p>The development, in late 2012, of the PNG work plan under the Pacific Women Shaping Pacific Development was a major milestone for the gender team in articulating program plans and goals. It outlines the gender-specific programs which will variously be led by the Democratic Governance Unit, the Pacific Regional Gender Team in Canberra and the Gender Team at Post. The work plan was developed following consultations with representatives of women’s community organisations and governments in PNG.</p> <p>The work plan team will return to PNG in 2013 for more consultations and to develop a theory-of-change and program logic⁷⁹ for the PNG gender program.</p>

⁷⁹ The department defines theory-of-change as the exploration of the way in which change occurs broadly in a given context and program logic as the way in which the program can contribute to bringing about change along a particular, narrower pathway within the same context, given the theory-of-change.

Management consequences Identified in 2011 APPR**Rating****Progress made In 2012–13***Managing risks, with a particular emphasis on fraud risk*

Australia's aid program in PNG uses an annual risk and fraud management plan to ensure that risks are appropriately managed, including the escalation of certain risks to senior management attention. Implementation of risk strategies is regularly reported and the results submitted to an internal audit committee each year.

The joint statement on zero tolerance to fraud in Australia's aid program in PNG has resulted in a fraud control management strategy. Throughout 2012 we will focus our efforts on strengthening fraud management resourcing and skills within the program, supporting Papua New Guinea's government to reduce corruption, demanding better performance from contractors, and strengthening the ability of civil society and church organisations to detect and manage fraud.



The activities scheduled under the Pacific Women Shaping Pacific Development Initiative address issues such as FSV, women's leadership, economic empowerment and livelihood development. They also focus on research and data collection to inform projects by the Australian Government and development partners.



Amber

PNG comprises 10 per cent of our global aid spend, and is responsible for about 30 per cent of the active cases (not including physical theft) reported in 2012–13. Sixty-six fraud cases are being investigated (not including physical theft) with a potential and/or actual estimated loss to the Australian Government of \$1 319 089. Thirty-seven active cases involve physical theft (with potential estimated loss to the Australian Government of \$57 801 (armed robberies, theft of vehicles, laptops and other assets). Most physical theft cases are relatively small (24 are less than \$10 000 each).

The Australian Government's aid program protects Australian funds in PNG through strict accounting and reporting requirements; careful selection of implementing partners; regular reviews, spot checks and audits from a Port Moresby-based team of more than 120 staff; and proactive management of fraud cases through monthly updates and follow-up on active cases.

The Australian Government continues to deliver annual fraud control training to all of its officers, managing contractors, NGOs and, recently, to PNG government officials. A forum was held in May 2013 with fraud and risk management experts from PNG's banking sector.

The Australian Government uses PNG government systems to a limited extent in the health, education, law and justice, transport and subnational governance sectors (approximately 4 per cent). However, use of partner government systems can also entail risks. The Australian Government will only use PNG government systems when there is a strong development reason to do so and after careful risk assessment. Most of Australia's aid in PNG (57 per cent) is delivered through managing contractors which ensures strong control prosecuting offenders where appropriate (when individuals are not at risk of harm); and seeking the recovery of misappropriated funds or assets and the application of appropriate penalties.

Note:

-  Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.
-  Amber. Progress is somewhat less than expected for this point in time 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 for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required

Annex B

Quality at implementation ratings

Initiative name	Approved budget and duration	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management
Strongim Pipol	\$105 000,000	2012	5	4	3	3	4	5	
Strongim Nesen	01/07/2009–30/06/2014	2011	6	5	4	5	5	5	
CARE Integrated Community Development Program	\$6,390,000	2012	5	4	3	3	4	5	
	01/02/2010–30/06/2013	2011	6	5	4	5	5	5	
Church Partnership Program Phase 2	\$50,000,000	2012	6	5	4	3	5	4	
	01/07/2010–30/06/2016	2011	4	4	3	4	4	3	
PNG Electoral Support Program	\$20,562,143	2012	5	4	4	3	4	5	
	01/01/2011–30/06/2015	2011	5	5	5	5	4	5	
Scholarships PNG	\$48,458,250	2012	5	4	3	4	4	4	
	01/07/2009 - 30/06/2015	2011	4	4	3	5	5	5	
Interim Support to the PNG TVET & Higher Education	\$10,384,192	2012	6	5	4	3	4	4	
	01/08/2010 - 31/01/2014	2011	6	5	5	5	5	4	
Scholarships Port Moresby ADS 2011 Intake	\$14,730,061	2012	5	4	3	4	4	5	
	01/07/2010 - 30/06/2017	2011	4	4	3	5	5	5	
PNG Education Program	\$499,654,735	2012	6	5	4	3	4	4	
	01/07/2011 - 30/06/2016	2011	6	5	5	5	5	4	
Strongim Gavman Program	\$128,922,716	2012	5	4	4	3	3	4	
	01/07/2009 - 30/06/2015	2011	5	4	3	4	4	4	
Economic and	\$100,000,000	2012	4	4	4	4	4	5	

Initiative name		Approved budget and duration	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management
Public Sector Program	01/05/2009 - 31/03/2015		2011	5	5	4	5	4	5	
PNG-Australia Economic & Public Sector Governance Twinning Initiative Phase II	\$6,244,852 01/07/2010 30/06/2013		2012	5	4	4	3	3	4	
Health Program Response to HIV/AIDS	\$47,366,182 01/08/2006 30/06/2013		2011	5	4	3	3	4	3	
			2012	5	4	4	3	4	5	
Sanap Wantaim – PNG-Australia HIV and AIDS Program	\$185,000,000 01/11/2006 28/02/2013		2011	5	5	4	5	5	5	
			2012	5	4	4	3	4	5	
Western Province Package of Measures	\$4,617,649 25/06/2008 30/06/2015		2012	5	4	4	3	4	5	
			2011 [^]	N/A	N/A	N/A	N/A	N/A	N/A	
PNG Health Education and Clinical Services	\$8,700,000 01/03/2009 30/12/2012		2012	5	4	4	3	4	5	
			2011	4	4	3	3	4	4	
Health Service Provision Facility	\$65,327,188 16/02/2011 30/06/2013		2012	6	5	3	4	4	5	
			2011	6	5	5	4	5	5	
PNG Health and HIV Multilateral Partnerships	\$68,428,278 02/05/2011 30/06/2016		2012	5	4	4	3	4	5	
			2011 [*]	N/A	N/A	N/A	N/A	N/A	N/A	
PNG Health Procurement Program 2011-2015	\$26,000,000 28/09/2011 - 30/06/2013		2012	6	5	3	4	4	5	
			2011 [*]	N/A	N/A	N/A	N/A	N/A	N/A	
Health Capacity Development & Service Delivery	\$234,909,467 03/10/2011 - 30/06/2015		2012	5	4	4	3	4	5	

Initiative name		Approved budget and duration	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management
			2011*	N/A	N/A	N/A	N/A	N/A	N/A	
PNG-Australia Law and Justice Partnership	\$150,000,000 30/01/2009 - 30/06/2014		2012	4	4	4	3	4	5	
			2011	4	4	5	3	3	4	
Incentive Fund Phase II	\$87,000,000 01/07/2009 - 30/06/2014		2012	5	4	5	4	4	4	
			2011	6	5	5	5	5	5	
PNG Disaster Risk Management Program (2010-2014)	\$8,986,500 01/07/2010 - 31/12/2014		2012	3	3	4	2	2	5	
			2011	5	5	5	5	5	5	
PNG Transport Sector Support Program	\$355,000,000 22/05/2006 - 30/06/2013		2012	6	4	4	5	4	4	
			2011	5	5	5	5	5	4	
PNG Transport – RoU AusAID and Infrastructure	\$3,000,000 19/02/2010 - 31/07/2013		2012	5	4	4	3	3	3	
			2011	4	4	4	3	3	3	
Kokoda Track Initiative	\$17,587,348 21/03/2008 - 31/03/2013		2012	5	4	4	3	3	4	
			2011	5	5	4	4	4	4	
Commonwealth Local Government GPS – Phase II	\$3,468,151 12/10/2009 - 30/06/2013		2012	2	3	2	2	4	2	
			2011^	N/A	N/A	N/A	N/A	N/A	N/A	
PNG Provincial and Local-level Governments Program	\$47,250,000 01/06/2012 - 31/03/2014		2012	6	5	5	5	5	3	

* In 2012 Australia's health and HIV programs were integrated, restructuring the 2011 initiatives.

^ These initiative has been finalised

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

Risk Management scale:

■ Mature (M). Indicates the initiative manager conducts risk discussions on at least a monthly basis with all stakeholders and updates the risk registry quarterly.

■ Intermediate (I). Indicates the initiative manager conducts ad-hoc risk discussion and updates the risk register occasionally.

■ Basic (B). Indicates there are limited or few risk discussions and the risk register has not been updated in the past 12 months.

Annex C

Evaluation and review pipeline planning

List of evaluations completed⁸⁰ in the reporting period

Name of Initiative	AidWorks number	Type of evaluation ⁸¹	Date evaluation report received	Date evaluation report uploaded into AidWorks	Date management response uploaded into AidWorks	Published on website
PNG Media for Development Initiative	INF759	Independent completion report	March 2012	July 2012	July 2012	Yes
Strongim Gavman Program	INI767	Independent progress report	March 2012	April 2012	Not uploaded but available on website	Yes
PNG-Australia Law and Justice Program (PALJP)	INI194	Independent progress report	March 2012	March 2013	March 2013	Yes
AusAID's support to the UN in PNG through the PNG UN Country Fund	INJ321	Independent progress report	August 2012	November 2012	November 2012	
ACIAR-AusAID Partnership for PNG Agriculture	INI220	Independent completion report	April 2012	August 2012	August 2012	No
Kokoda Track Initiative	INH843	Cluster review	August 2012	November 2012	Not uploaded	No
CARE Integrated Community Development Program	INJ153	Cluster review	August 2012	November 2012	Not uploaded	No
Commonwealth Local Government Phase II	INI988	Independent progress report	May 2012	December 2012	Not uploaded	No
Tingim Laip	ING953	Independent completion	May 2012	March 2013	March 2013	Yes

⁸⁰ Completed means the final version of the report has been received.

⁸¹ Mid-term review, completion report, partner-led evaluation, joint evaluation.

Name of Initiative	AidWorks number	Type of evaluation⁸¹	Date evaluation report received	Date evaluation report uploaded into AidWorks	Date management response uploaded into AidWorks	Published on website
		report				
PNG-Australia Sexual Health Improvement Program	ING918	Independent completion report	November 2012	March 2013	March 2013	Yes
Clinton Foundation HIV/AIDS Initiative	O6B191	Independent completion report	December 2012	March 2013	March 2013	No
Economic and Public Sector Program	INI903	Independent progress report	December 2012	April 2013	Not uploaded	No
Church Partnership Program Phase 2	INJ313	Cluster review	January 2012	Not uploaded	Not uploaded	No
Strongim Pipol Strongim Nesen	INI382	Cluster review	January 2012	Not uploaded	Not uploaded	No
Scholarships PNG	INI815	Independent progress report		Not uploaded	Not uploaded	No
Electoral Support Program	INJ466	Independent progress report		Not uploaded	Not uploaded	No
Incentive fund phase III	INI793	Independent completion report	Draft report received November 2012	Not uploaded	Not uploaded	No
PNG Disaster Risk Management (10–14)	INJ302	Independent completion report	Draft report received March 2013			No

List of evaluations planned in the next 12 months

Name of initiative	AidWorks number	Type of evaluation	Purpose of evaluation⁸²	Expected completion date
Health Service Provision Facility	INJ708	Impact evaluation	Supporting causal inference of the evaluation	2017
PNG Health Procurement Program 2011–15	INK202	Impact evaluation	Supporting causal inference of the evaluation	2017
PNG Health Education and Clinical Services	INI270	Independent completion report		July 2013
Interim TVET and Higher Education	INJ316	Independent completion report		
PNG-Australia Twinning program	INJ364	Independent completion report		October 2013
PNG provincial and local-level governments	INK615	Independent completion report		August 2013
PNG Microfinance Expansion project	INJ550	Independent completion report		

⁸² To inform a future phase of program, to improve existing program; to verify program outcomes.

Annex D

Key development effectiveness issues

This annex describes some of the key considerations for the Australian Government in *how* the Australian aid program is delivered in PNG.

Focus on poverty reduction

Improving the poverty reduction focus of Australia's aid program is critical. Australia is strengthening its pro-poor focus in PNG by embedding poverty impact analysis into new designs and into analyses of individual investments, including impacts on gender-relevant sub-groups (such as girls not attending school).

Partner systems

The Paris Declaration on Aid Effectiveness includes a commitment by donors to use partner government systems where feasible. Australia uses PNG systems to some degree in all of its programs. However, several sectoral assessments and a draft assessment of national systems highlight the inherently risky nature of using PNG systems. As a result, Australia's program is heavily supported by processes and controls to minimise the fiduciary risks of using the government's systems.

Performance-linked aid

Australia provides performance incentives in the form of additional resources to the PNG Government and service providers, contingent on pre-agreed performance criteria and milestones being met. This encourages sustainable reforms and improved service delivery. Performance linked aid is in line with the Government's increasing emphasis on performance and aid effectiveness.

The first agreed performance-linked aid milestone recognised the PNG government's commitment to address fraud and corruption through Australian support of the distribution of medical supply kits to health facilities. In 2011–12, Australia spent \$24 million to procure five rounds of quality-assured medical supply kits. In 2012–13, Australia distributed 3597 quality-assured medical supply kits to approximately 2000 health facilities.

Adviser numbers

In the 2010–11 Australian Budget Statement, the Australian Foreign Minister announced a review of all adviser positions funded by the Australian aid program. Australia and PNG agreed to a joint review to assess the cost and effectiveness of technical advisers in the PNG – Australia aid program. The resulting Joint Review of Adviser Effectiveness was conducted in the context of the PNG – Australia Development Cooperation Treaty Review (April 2010). It recommended significant changes to the aid program in PNG including reducing reliance on technical assistance personnel.

As of 31 December 2012, 181 adviser positions were phased out from a total of 487, in line with the recommendation of the Joint Adviser Review. As of 22 May 2013, the Australian Government funded 308 long-term advisers in PNG.

Civil society engagement

Australia recognises that civil society partners can be powerful agents for change in PNG in delivering better services, enabling social inclusion and enhancing the effectiveness, accountability and transparency of all levels of PNG Government.

Australia engages with civil society in delivering most of its PNG programs, and has programs that support the development of a more informed and engaged civil society. Some examples include:

- > The SPSN program works at community level in all provinces to provide civil society and other key stakeholders with support and resources, including through grants, capacity building, networking opportunities and research.
- > Australia funds HIV prevention, testing and treatment services, delivered through more than 20 NGOs. More than 60 per cent of Australia's HIV funding goes directly to NGOs whose services comprise more than half of all HIV testing and more than one-third of all treatment provided in PNG.
- > The Church Partnership Program supports PNG churches to promote good governance and deliver basic services to some of PNG's most remote and disadvantaged communities. This support is important as churches run about 50 per cent of health services and 40 per cent of schools in PNG.
- > The Australian Government works with CARE Australia to strengthen partnerships between communities, government and civil society organisations to identify, prioritise and address development needs. This aims to improve health, education, livelihoods, disaster preparedness and community governance in very remote and disadvantaged districts in PNG.

Business engagement

The Australian Government has held preliminary discussions with the Australia – PNG Business Council, the Business Council of PNG, PNG chambers of commerce, and the International Finance Corporation. The Agency is also committed to engaging with the private sector to jointly achieve improved poverty reduction and service delivery outcomes.

On 10 May 2013, Australia's Prime Minister launched the PNG Women in Business Initiative to assist more PNG women take full advantage of the country's growing economic opportunities. The PNG Women in Business Initiative will support PNG businesses to connect women in business and enhance the status of women in workplaces.

Performance assessment framework

Australia has developed a draft performance assessment framework for the PNG program as part of its overall performance monitoring system. The framework is a planning and management tool to help us manage for and report on results. We will complete the framework for the PNG program by December 2013, in consultation with the PNG Government.

Assisting with PNG's M&E capacity

The PNG Government has made efforts to develop its M&E capacity and there are signs in PNG of an increasing awareness of, and a willingness to improve, M&E. Examples include:

- > Department of National Planning and Monitoring is developing a national M&E framework
- > 88 public servants have received training in key M&E skills (46 males and 42 females) and the Australian Government (through the Economic and Public Sector Program) is helping develop a community of monitoring professionals through support to the first PNG Association of Professional Evaluators national conference
- > PNG Association of Professional Evaluators is promoting and advocating for good M&E, especially to improve service delivery, accountability and transparency.

While Australia provides some technical support to develop systems and individual skills, a much stronger political commitment on both sides is required to ensure appropriate performance information is available as a basis for more effective public policy and implementation.

Transparency and visibility

The Australian Government is committed to making documents on Australia's aid program in PNG available to partners, stakeholders and the public through its website. In 2012, the Australian Government published more than 120 documents on its website, including a summary of the aid program in PNG, covering the sectors in which Australia works and individual initiatives. Hot topics were frequently included on the front page of the Australian Government aid program's website promoting areas of interest and achievement in the PNG program. To address misinformation in the media and promote program results, the Australian Government aid program created a page on its website specifically addressing Australia's effective support for TB management in PNG.

Australia worked to promote key program milestones and results through PNG and Australian mainstream media. The Australian Government also used social media to increase PNG program visibility, including through additions to its blog, Twitter feed and YouTube channel. Australian Government staff continued to work with all partners and service providers to apply the Australian aid identifier to signage, websites, publications and goods such as drugs and textbooks. An Australian Government-commissioned review found the identifier has been rolled out extensively in PNG with good compliance across websites, publications and at events. Double classrooms built since July 2011 feature signs carrying the identifier, and it is applied to drug and medical supply deliveries to hospitals, health centres and aid posts across PNG.

In 2013, a communications and media strategy will be designed to enhance engagement with PNG stakeholders, partners and an Australian audience to promote the results of the Australian Government's aid program in PNG.