

SUMMARY OF ATTACHMENTS

Attachment 1 - EPSP PROJECT DESIGN DOCUMENT

This is the project design document for EPSP and will provide Tenderers with background to the design objectives for EPSP.

Attachment 2 - PNG-AUSTRALIA PARTNERSHIP FOR DEVELOPMENT: PUBLIC SERVICE SCHEDULE

The PNG-Australia Partnership for Development (Partnership) is the guiding framework for Australia's aid program in PNG. The Partnership has identified five initial priority outcomes that will help achieve the objective of improved living standards for all Papua New Guineans. Priority Outcome 4 of the Partnership is a joint commitment by the PNG and Australian Governments to pursue significant measurable progress towards achieving an efficient and effective public service in PNG by 2015. Under the Public Service Schedule to the Partnership, Australia will support PNG-led programs to improve public administration at national, provincial and district levels to enable the public service to deliver better services and an environment conducive to broad-based economic growth. The Economic and Public Sector Program (EPSP) will be a key mechanism delivering commitments under the Public Service Schedule and is an important tool to coordinate EPSP support with other programs, including the Strongim Gavman Program (SGP) and the Sub National Strategy.

Attachment 3 - STRONGIM GAVMAN PROGRAM MANAGEMENT FRAMEWORK

The Strongim Gavman Program (SGP) (formerly the Enhanced Cooperation Program) is a key Australian Government program that places senior officials from the Australian Public Service in PNG agencies to provide capacity development assistance and advice. The SGP Management Framework provides a structure for SGP management that facilitates accountability and reporting on the effectiveness of the SGP as part of the broader aid program. The Economic and Public Sector Program (EPSP) provides a more coherent program across the PNG economic and public sector. SGP will be closely coordinated with EPSP at both the strategic and operational levels.

Attachment 4 - PNG ADVISORY SUPPORT FACILITY INDEPENDENT EVALUATION

Through the PNG Advisory Support Facility (ASF), AusAID has assisted the Government of PNG to implement improvements in public sector administration through the placement of advisers in central agencies and key line agencies. ASF support has typically focused on the development and implementation of policies, plans and systems that improve public service accountability, effectiveness and compliance. The Economic and Public Sector Program (EPSP) represents the next phase of support to economic and public sector governance and builds on the ASF. As such, the EPSP design draws from the lessons learned under the ASF. The recommendations and outcomes from the ASF Independent Evaluation 2007 are relevant to the implementation of EPSP, particularly in the initial stages of the program where technical assistance will continue to be a significant component of EPSP.

Attachment 5 - WORD VERSION OF TABLES

These are the Word version of the documents referred to in Part 1 of the RFT.

Papua New Guinea-Australia

**Economic and Public Sector
Program**

Design Document

May 2009

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List of Acronyms

ADB	Asian Development Bank
ANAO	Australian National Audit Office
APSC	Australian Public Service Commission
ASF	Advisory Support Facility
ATO	Australian Taxation Office
AusAID	Australian Agency for International Development
CACC	Central Agencies Coordinating Committee
CSTB	Central Supply and Tenders Board
DPM	Department of Personnel Management
DNPM	Department of National Planning and Monitoring
DPLGA	Department of Provincial and Local Government Affairs
DSIP	District Service Improvement Program
EPSP	Economic and Public Sector Program
FMIP	Financial Management Improvement Program
GoA	Government of Australia
GoPNG	Government of Papua New Guinea
ICCC	Independent Consumer and Competition Commission
IFMS	Integrated Financial Management System
LNG	Liquefied Natural Gas
MDGs	Millennium Development Goals
MTDS	Medium Term Development Strategy
MTdS	Medium Term Debt Strategy
MTEF	Medium Term Expenditure Framework
MTFMS	Medium Term Financial Management Strategy
MTFS	Medium Term Fiscal Strategy
NEC	National Executive Council (Cabinet)
NEFC	National Economic and Fiscal Commission
NRI	National Research Institute
ODW	Office for the Development of Women
PAC	Public Accounts Committee

PCaB	Provincial Capacity Building Program
PEFA	Public Expenditure and Financial Accountability
PERR	Public Expenditure Review and Rationalisation
PLLSMA	Provincial and Local Level Services Monitoring Authority
PM&NEC	Department of Prime Minister and National Executive Council
PMG	(EPSP) Program Management Group
PPII	Provincial Performance Improvement Initiative
PPMF	Performance Planning and Monitoring Framework
PSRMU	Public Sector Reform Management Unit
PSRP	Public Sector Reform Program
PSWDP	Public Sector Workforce Development Program
SAGO	Support for Auditor General’s Office
SGP	Strongim Gavman Program
SNS	Sub National Strategy
SOE	State Owned Enterprise
TRG	(EPSP) Technical Reference Group
UNDP	United Nations Development Program
UPNG	University of Papua New Guinea
WoG	Whole-of-Government

Executive Summary

The Economic and Public Sector Program (EPSP) is a significant initiative, conceived and designed collaboratively by the Governments of PNG and Australia. It replaces the existing Advisory Support Facility (ASF) and will address the needs of central agencies in their role as key enabling institutions supporting effective government in PNG, with a focus on the equitable delivery of services to the men and women of PNG. There is an inextricable relationship between strengthening the capacity and systems of central agencies and enhancing servicing delivery. Through EPSP whole-of-government resources will be targeted to supporting central agencies to achieve their reform priorities and enhance their contribution to the monitoring and improvement of service delivery.

PNG's policy framework for public sector management is strong, as expressed through the Medium Term Development Strategy (MTDS), Medium Term Fiscal Strategy (MTFS), Medium Term Debt Strategy (MTdS), and work in progress on the Medium Term Financial Management Strategy (MTFMS) and revised Public Sector Reform Strategic Plan. The Government of PNG (GoPNG) is preparing new long term development strategies to strengthen its policy framework.

Recent reviews, particularly GoPNG's 2007 Review of the Public Sector Reform Program, confirm PNG weaknesses lie in policy coordination, leadership and management, implementation and reporting. At the same time, donor interventions have met with uneven success. The 2007 Review concluded that 'the future public sector reform challenge for Government is to design and lead an unambitious and controlled reform program that enables a critical spotlight to be shone on any agency at any time.'

EPSP will therefore target a new approach. The program will facilitate high level PNG coordination and management of resources supporting economic and public sector development by working directly through the Department of Prime Minister and National Executive Council (PM&NEC), to the **Central Agencies Coordinating Committee (CACC)**. At the agency level, the program will build stronger relationships and foster joint problem identification, development of support packages and teamwork. To create demonstration effects, most initial support will focus on agencies and managers that can deliver demonstrable results within a reasonable time frame.

EPSP provides an integrated framework to contribute to the priority outcomes of the **PNG-Australia Partnership for Development**, and will be a centrepiece of efforts to achieve priority outcome 4: *An Efficient and Effective Public Service*. It will also contribute to achieving priority outcome 5: *Development Policy and Program Formulation Based upon Sound Statistics and Performance Reporting*. Improving the living standards of Papua New Guineans and making progress towards the Millennium Development Goals (MDGs) hinge upon the generation of capacity and motivation in public service systems, organisations and people, to manage and implement public resources to deliver services.

EPSP will support appropriate diagnostics underpinned by previous analysis that will assist GoPNG agencies to identify problems, priorities and initiatives. EPSP will also continue Australian support for the Public Sector Workforce Development Program (PSWDP) and Financial Management Improvement Program (FMIP), including the Provincial Capacity Building Program (PCaB) (refer to Annex 4 for an overview of existing GoPNG programs). Coordination with the separate but complementary Strongim Gavman Program

(SGP) will be achieved through EPSP. The program will also interface with and support activities sponsored by other AusAID programs, including cross-cutting initiatives at the sub-national level and within line agencies supporting improved service delivery across PNG.

Five key features in the EPSP approach will enhance the program's effectiveness:

- Integration and coordination of Australian and PNG initiatives that are supporting public sector reform and economic growth;
- A clear link to service delivery to enable improvements in the effectiveness of central agencies to deliver a perceptible impact on the ability of line agencies and sub-national governments to deliver services to men and women across PNG;
- A re-orientation of focus and effort to implementation of policies, programs and budgets as PNG's planning and strategy documents are already relatively robust;
- Building systems, information flow and capacity at the sub-national level in recognition of the crucial role sub-national governments play in service delivery, as a complement to the Provincial Performance Improvement Initiative (PPII);
- Incentives for change with a focus on influencing the motivations of managers and staff as well as support for leaders who are champions of a more effective public sector.

The EPSP aims to achieve incremental improvements in public sector performance through a long-term capacity development approach. It is structured around a results framework, which provides the goal, results and outcomes the program aims to achieve over its 10 year timeframe. The results articulate the systemic change the program hopes to achieve by 2020 (i.e. in 10 years of program implementation), while the outcomes will measure significant progress to achieving the goal and result areas and have a shorter time horizon of the first five years of program implementation.

The goal of EPSP is consistent with the common purpose of the development strategies of both PNG and Australia, and reflects the priorities agreed in the PNG-Australia Partnership for Development. The goal is:

An effective and efficient public service that focuses on service delivery for the men and women of PNG and creates an enabling environment for broad-based economic growth.

The result areas for EPSP are:

- Result 1 A more skilled and effective public sector workforce
- Result 2 Improved use and management of public financial resources
- Result 3 Government is more informed, transparent and accountable
- Result 4 Policy and regulatory settings are more supportive of sustainable broad-based growth

Based on expenditure priorities in the economic and public sector and the current absorptive capacity of central agencies, the proposed budget from the Australian aid program for EPSP is up to A\$25 million per year for an initial five years. Actual program

expenditure will depend on the extent to which effective use of the funding can be demonstrated in the initial years to achieving incremental improvements in public sector performance.

Understanding and responding to drivers of change forms a key part of EPSP’s logical approach to program implementation. The program is founded on a cycle of effective joint diagnostics, tackling key systemic issues within a structured results framework, building stronger relationships with good performers, and providing opportunity for organisational learning and improvement.

Within the results framework, and recognising the conditions required and incentives for change, the program will develop an **annual Strategic Framework** to prioritise and coordinate program resources in jointly agreed activities that are considered essential for improving public sector performance, service delivery and growth. It will be jointly developed and updated each year and will detail a responsive implementation plan using all resources available, including SGP and twinning activities. The Strategic Framework is the centrepiece of the program’s facilitation of whole-of-government coordination. It will facilitate high-level dialogue between Australia and PNG, through the CACC, and align to the high level commitments outlined in the Public Service Schedule to the PNG-Australia Partnership for Development to leverage GoPNG funding to joint initiatives.

EPSP is an integrated response to capacity development needs, representing a significant advance on the ASF approach of silo-like responses using a single form of aid mechanism. EPSP will formalise stronger relationships with partner agencies, in many cases building on existing relationships, and implement agency-specific, tailored packages of assistance through **Partnerships for Capacity Development**. The Partnerships will allow agencies to access a range of development resources, including technical assistance (including SGP), targeted training, twinning and targeted research and analysis. They will support diagnostics and problem identification, followed by management and work unit discussion and design of capacity and systems development initiatives. The Partnerships will also contribute to GoPNG’s monitoring of agencies’ performance against an increased focus on results, and to monitoring capacity building efforts.

Additional support for partnership initiatives will be provided through the establishment of a **Capacity Development Fund**, comprising up to 30 per cent of the program value. The Fund will support co-financed programs and incentive-based grant funding, as well as information collection, disaggregation and dissemination. Where possible, support will be transparently managed, financed and monitored within PNG systems.

Technical assistance is only one part of the capacity building equation. In EPSP it will be appropriately managed and limited over time. In the early years of the program there is an acceptance that technical assistance will form the majority of overall program costs as demand for technical advisory support by GoPNG remains high. Other forms of aid such as direct grants will in most cases require a longer establishment phase whereby appropriate systems and processes are agreed and/or put in place before operation.

EPSP will be, as much as possible, embedded in existing GoPNG structures. As such, its peak body is the CACC, which will provide the strategic guidance to the program and will be the ultimate oversight body for the program’s monitoring and evaluation. The role of CACC is central to improving the effectiveness of PNG’s public administration processes,

and feeds directly into the decision-making processes of the National Executive Council (Cabinet) and Parliament. By housing EPSP within the CACC structure, program management operations will support and strengthen CACC's capacity to lead and coordinate GoPNG policy processes, and to support greater coherence across GoPNG programs.

AusAID will play a key role in setting the strategic direction of the program and has responsibility for overall management and coordination of AusAID's assistance to the economic and public sector. It will facilitate coordination between EPSP and other relevant AusAID programs – the 'whole of aid program' coherence. To achieve this, AusAID will employ two key positions under the program: a Public Sector Adviser located initially in AusAID's PNG Country Office; and a Policy Coordinator (AusAID officer) co-located in the CACC Secretariat. AusAID and the GoPNG will jointly undertake a competitive international tender process to select a Managing Contractor, which will support program implementation.

An **Economic and Public Sector Coordination Group** will operate in PNG and comprise AusAID (both EPSP and Sub-National Strategy), SGP Team Leaders in economic and public sector agencies, DFAT and the EPSP Program Office. As well as inputting to EPSP implementation, this group will be a regular forum to discuss economic and public sector issues and provide a formal link to SGP home agencies and whole-of-government coordination structures in Australia. In particular, SGP Team Leaders have a key role in helping to shape priorities and activities under the program.

Monitoring and Evaluation (M&E) arrangements for EPSP are framed around the results framework, using mixed methods and with an emphasis on linking M&E with learning and planning. M&E will provide a valuable opportunity for organisational learning and improvement and link to strategic planning in a cycle of learning, reflection and planning. EPSP will also link evidence of change to an assessment of program performance. Arrangements are structured to maximise the use of, and thereby strengthening of, GoPNG systems; and to comprehensive disaggregation of data.

GoPNG is committed to developing a whole-of-government Performance Planning and Monitoring Framework (PPMF), and preliminary work has been done to develop the PPMF. Once implemented, it will summarise GoPNG's policy agenda and monitor performance and progress of specific outcomes and outputs that government agencies are expected to deliver on an annual basis. EPSP will support the further development of PPMF if required. Ultimately the M&E arrangements for EPSP will be adjusted to align closely with the indicators and reporting requirements for GoPNG as a whole. EPSP monitoring will directly feed into monitoring the PNG-Australia Partnership for Development outcomes as well as the PNG-Australia Development Cooperation Strategy and AusAID sectoral and cross-cutting programming.

1 Analysis and Strategic Context

1.1 Design Preparation

Design consultations for the Economic and Public Sector Program (EPSP) began in 2005 when both the Government of PNG (GoPNG) and Government of Australia (GoA) recognised it would be mutually beneficial to replace the existing Advisory Support Facility (ASF) with a more cohesive, high level program in support of PNG’s economic and public sector development, accountable to the Central Agencies Coordinating Committee (CACC). Full details of the design process are outlined in Annex 5.

The design is informed by the June 2007 GoPNG Review of the Public Sector Reform Program. Complementing this, a number of independent and joint reviews were completed during the design period, including of the ASF, Public Expenditure Review and Rationalisation (PERR) and Enhanced Cooperation Program (ECP) amongst others. Information provided by these reviews, plus other information provided by both governments, formed the basis for a comprehensive Situational Analysis in late 2007 and provided the analysis that underpins the design of EPSP.

In February 2008, both governments came together in a design workshop to discuss and analyse economic and public sector information which might impact upon program design options and opportunities. Following the workshop a PNG Technical Reference Group (TRG)¹ has guided the design process and ensured PNG’s strategic priorities are taken up in the design.

1.2 Development and Policy Context

Mountainous terrain and the difficulties of transport and communication in PNG have led to the development of small, largely self-sufficient communities whose bonds of loyalty are local. In most areas, leaders or “big men” emerge on the basis of personal qualities and their ability to distribute goods to their followers, rather than from hereditary or longer-term institutional sources of power. Women are rarely included, and the fall and rise of leaders can be frequent, which results in a shifting, gender-defined power structure.

The imposition of nationhood and large-scale formal Western-style institutions has not interfaced easily with these strong traditions and small-scale local bonds. At national level, the early generation of leaders educated in the national high schools showed a sense of nationhood and national goals but these post-independence gains are now being eroded by the politicisation of administration and service delivery, a lack of commitment to reform, the existence of counter incentives to change and a tendency to use formal, public systems to benefit private interests².

¹ The establishment of the PNG TRG was an outcome of the February Joint design workshop. The TRG is a high level PNG advisory group made of central agencies, key government partners and other stakeholders working to enhance government effectiveness and service delivery in PNG.

² Research on this phenomenon includes *The Deterioration of Public Administration in PNG – Views of Eminent Public Servants*. Pieper, 2004.

Symptoms of this decline include the uncertain and complex business environment, which undermines investment³, employment and broad-based growth at both national and local levels, and the continuing deterioration and under-funding of services. Capacity to implement and maintain investment projects has eroded, and the continuing deterioration of the road network makes it hard or impossible for people to get goods to market or reach aid posts and schools. Maternal and infant mortality have risen dramatically⁴ and PNG's rating on the UNDP's Human Development Index (HDI) has fallen markedly. Funds allocated to educational services are decreasing even though GDP has increased significantly⁵.

Many at a local level, with little or no experience of effective public service delivery, have commensurately little idea of the role of government; some are unaware that they are entitled to services at all. Instead, they expect help from "big men" rather than government, which reinforces politicisation, diversion of resources from the budget and consequent further deterioration in public services. Many public servants, with sub-standard housing and at risk of wholesale "spill and fill" restructurings, are demoralised and trust in government is low.

Impatient with the apparent inability of the responsible agencies to co-ordinate policies, manage money and deliver services effectively, politicians have increasingly found ways outside national agencies and structures. The most striking recent example is the grant of 14 million kina to each district through the District Service Improvement Program. Given weak capacity for implementation and little provision for accountability, its impact on service delivery is uncertain and may be limited.

The temptation to distribute resources outside national agency systems is understandable given the decline in services, but this can only be a temporary stop-gap. There is no durable substitute for making PNG's own structures of government work better if the slide in social and economic services is to be halted and then reversed. The challenge has never been starker. The sustained commodity price boom over recent years and the impending Liquefied Natural Gas (LNG) project mean that the resources are there, but if they are not well-used the risks of inflation in the near-term, and deepening poverty in the medium to long-term, are great. Commodity-based projects may also lead to growth being confined to enclaves rather than broad-based: to counter this, economic policy and services must support a broad range of activities across rural as well as urban areas amongst both women and men. Broader-based growth would also provide a buffer for PNG against the decreasing demand for commodities that may have a severe impact on its economy in the near future.

³ The latest Doing Business 2009 World Bank survey shows PNG has slipped six places from 89 to 95 out of the 181 surveyed countries.

⁴ Maternal mortality more than doubled over the last 5 years; it now stands at 870 deaths of mothers per 100,000 births.

⁵ For example, K5.30 for combined goods and services per student in 1992, by 1995 had dropped to K3.44, in 2004 it was K0.80. Full details on PNG's development statistics are outlined in the Design Situational Analysis (2007). Other statistics are outlined in a number of the PERR reports.

Despite national commitments which call for equal rights, respect and dignity for women⁶, economic and social indicators make it clear that life for women in PNG continues to be characterised by disadvantage and discrimination. Women are not reaping equitable benefits from PNG’s development agenda. PNG sits at 145 out of 177 countries on the UN Gender and Development Index, down 22 places since 2005. This means gender equality is not improving in PNG, but going backwards relative to other countries. The HIV/AIDS epidemic in PNG affects women and men differently: women are now more likely to be infected⁷. High rates of gender-based family and sexual violence fuel the spread of HIV and also damage women’s participation in economic and public life in PNG.

Corruption in PNG is commonplace with limited rewards for honest, transparent behaviour and few sanctions for those who are corrupt. People give and receive favours, irregular disbursements or special treatment, often due to “wantok” loyalties, but also because of cynicism about how formal, public systems operate – few expect them to be fair in the first place and there are low expectations of government as a result of corruption at all levels. The erosion of services means that, for many citizens, the State effectively does not exist. This lack of connection with the State can make it difficult for people to understand why taking resources from the State or unfairly benefiting private interests is wrong. In this context, lasting change will require strong leaders and managers who lead by example and insist on service delivery as the prime aim of public service.

1.3 Economic and Public Sector in PNG

Drawing on the analysis of GoPNG and many development partners⁸, a number of key economic, political, social and technical issues arise that illustrate the overall drivers of change in the public service in PNG:

Economic environment - After the 2002 crisis, careful fiscal management and high commodity prices generated surpluses, enabled external debt to be reduced and supported growth. Macroeconomic stability is fragile, however, and is subject to contingent risks especially from State Owned Enterprises (SOEs) and statutory authorities. LNG project activities and revenues will demand expert economic management to counter the risks of Dutch disease, unproductive spending, and inflation. The global financial crisis and contracting world economy will weaken GoPNG’s future fiscal position. The 2009 Budget projects the PNG economy to continue to grow, albeit at a reduced rate, as well as a decline in mineral revenue to the State due to lower commodity prices and decreased international demand. In this context, a focus on deploying existing resources more fairly and efficiently is essential if economic and other public sector services are to be strengthened.

⁶ PNG’s National Constitution provides for equal rights; PNG has ratified the Convention on the Elimination of Discrimination against Women; the MTDS acknowledges the importance of gender equality, including in sector programs and to promote recovery and development in the country; PNG adopted a National Women’s Policy in 1990 and established an Office for Women in 2006.

⁷ National AIDS Council Secretariat, *HIV and AIDS Fact Sheet*, 2008, p2

⁸ Refer to joint donor/government PERR reports, the PNG Review of the Public Sector Reform Program (2007), the design sponsored EPSP Situational Analysis (2007), the joint GoPNG/GoA review of ECP (2008), the ASF review (2008), the joint GoPNG/GoA Counterpart Study, amongst others.

PNG continues to be an uncertain, time-consuming and non-transparent environment in which to invest and do business, whether in obtaining concessions, licenses, or other permits⁹ or bidding for government contracts¹⁰. Political influence and cronyism, corruption, and lack of true commitment to real change are evident. Violence and insecurity also deter business. Labour and safety standards are difficult to enforce, labour market information is inadequate, women face discrimination and violence in the workplace, and unemployment, particularly among youth, is high.

While efforts are being made to improve the regulation of land management and the accuracy and transparency of land titling, continuing inefficiency, inequity and abuses in that sector, and in the distribution of natural resource royalties, undermine the business environment, impeding the emergence of small-scale agriculture and marketing and other businesses in rural areas. These factors also reduce women's participation and contribution to the economic life of the country. The Independent Consumer and Competition Commission (ICCC) has a good record, but the performance of many other statutory authorities is patchy. Poor performance of some statutory authorities and other government agencies operating in the business and natural resource sectors substantially undermines competition and growth objectives as well as eroding national assets and damaging the environment for small-scale agriculture (a female-intensive sector).

Women in the economic sector - Violence at home and in the workplace constrains women's ability to participate in the economy and in public service. Economic opportunities and access to finance for women in PNG are limited. Many studies on women's use of finance demonstrate that women are more likely to spend money on initiatives that benefit the whole community than men e.g. education, health, community endeavours.¹¹ The National Agricultural Research System organizations report they have low capability to support women in agriculture, although most farmers are women, as are most small marketers. In the resource sector, women rarely benefit from mining or forestry royalties as they are often not recognised as having land rights. Economic opportunities for women are also constrained by limited access to transport¹², and by poor safety on the roads that do exist.

Political commitment - A GoPNG-sponsored independent review of public sector reforms in 2007 found that, despite some individual agency successes, early momentum at the beginning of the decade was lost as PNG's economic prosperity improved – the perceived urgency for change faltered. The review found that public servants regarded the most critical driver of public sector reforms to be political credibility, ownership and leadership. Without these, efforts to undertake reform will founder on the basis of a lack of political will, sincerity and commitment.

Against this backdrop the Prime Minister of PNG committed his government to public sector reform. His State of the Nation Address in September 2007 highlighted the need for further fiscal and financial management reforms and pursuing constructive restructuring of

⁹ World Bank: 2008 "Doing Business" survey.

¹⁰ The private sector considers public procurement to have severe deficiencies in the areas of lack of transparency (particularly the evaluation of bids); poor documentation; slow payment, and inadequate contract management. Source: Country Procurement Assessment Report, June 2006

¹¹ For example, IPU, *Equality in Politics: A Global survey of Women and Men in Parliaments*, Geneva, Ch. 3 and 4

¹² A World Bank study in PNG shows that roads

the public service to make it effective and efficient. There is greater imperative to improve service delivery in PNG. The PNG Prime Minister declared 2008 the ‘year of implementation’ and expects the public service to capitalise on the solid economic foundation that has been established.

Policy framework and coordination - PNG’s policy framework for public sector management is strong, as expressed through the Medium Term Development Strategy (MTDS), Medium Term Fiscal Strategy (MTFS), Medium Term Debt Strategy (MTdS), and work in progress on the Medium Term Financial Management Strategy (MTFMS) and revised Public Sector Reform Strategic Plan. GoPNG is preparing new long term development strategies to strengthen its policy framework. Recent reviews, particularly the 2007 Review of the Public Sector Reform Program, confirm the weaknesses lie in policy coordination, leadership and management, implementation, and reporting. The ability of the CACC to support National Executive Council (NEC) decision-making has eroded over time, in part due to the erosion of the independence, professionalism and capacity of the wider public service, but also due to politics usurping and devaluing the fundamental role of public administration.

Leaders, managers and organisational culture - Capacity in the narrow sense of individual skills is a second-order problem in PNG: the primary issue is the capacity and motivation of organisations, systems and men and women in work teams¹³. In this, leaders and managers are vital to de-politicisation, removal of cronyism and more effective performance of the public service. Their signals from the top, supervision, delegation with accountability, and the professional, responsible, transparent and accountable behaviour that they model, are powerful levers to move the system. Managers can develop organisational cohesion and sense of direction. They can facilitate merit-based systems for the advancement of both men and women’s careers, establish supportive work environments for women and young graduates, set benchmarks for performance, and motivate and recognise staff achievement. By contrast, capacity development of isolated individuals out of an organisational context is like ‘pushing on a string’¹⁴.

Many agencies have difficulty grasping their public and service delivery obligations. There is a common belief that size creates power, leverage and efficiency. For these agencies there is an organisational culture of ‘control’, often at the expense of delivering critical functions.¹⁵ Without effective leadership and management, and left to their own devices, many agencies and staff will be unable to achieve the level of organisational change necessary to provide a platform for capacity development and improved performance.

Impact of social and living conditions - Organisational capacity is undermined by social conditions. Housing shortages and cost of living increases in urban environments can undermine staff performance, and the prevalence of unregulated micro-loan services targeting public servants can have a severe impact on take-home pay and become a motivator for maladministration. Increases in public servant salaries are not keeping up

¹³ This was also confirmed by the joint GoPNG – AusAID 2008 Counterpart Study. Alternative technical assistance methodologies need to be explored and used in support of the development of group - workplace capacity.

¹⁴ To paraphrase John Maynard Keynes.

¹⁵ PNG Review of the Public Sector Reform Program (2007)

with inflation and the cost of living. This handicaps the public sector in attracting qualified and skilled workers, many of whom opt for private sector jobs with far better pay and conditions. In the provinces, particularly in remote areas, the absence of suitable banking, transport, health, education and housing, as well as law and order problems are impacting the performance of public servants and proving to be a barrier to recruiting and relocating public servants to the sub-national level.

Accessible information within government and levels of government, as well as to men and women in the community - Information is critical to supporting evidence-based policy development and coordination, and to efficient operations and monitoring. At present, flows of information within GoPNG and between the levels of government are weak¹⁶. Keeping accurate accounts and records, together with easy retrieval and access, are key foundations of accountability. Longitudinal ‘input’ studies have proven to be an effective mechanism for tracking government priorities through budget expenditure decisions. At present in PNG, uniform compatibility of reporting systems or access to information within all levels of government is absent, greatly compounded by limited access to and poor standards of telecommunications. Similarly, there is limited access to detailed government information by the general public in PNG.

Planning and implementation - Prior reports indicate there is a tendency in PNG to plan without commensurate resources and attention to implementation and to lessons learned from experience with past plans. Part of the planning over implementation quandary can be explained by the instability in tenure at both political and bureaucratic levels since the early 1990s. Frequent changes of leadership often result in change of policy and plans with little time or resources to implement them. While planning is a critical first step, priority should be given to reducing the time and resources directed to ambitious plans and to increasing the effectiveness of implementation. With relative political stability since 2002 this should be attainable, but it demands a sharp focus on defining responsibilities and accountabilities, ensuring information flows are efficient, orienting work groups to their roles, matching resources to functions, and ensuring timely and transparent flows of funds. Timely reporting and analysis of results are important to provide a feedback loop.

Lack of coordination between the recurrent and development budgets - As in many countries, PNG has separate development and recurrent budgets which are prepared largely in isolation from each other. Both budgets are much less effective than they could be within a single envelope of funds. This separation has been identified as the main culprit in the failure to link policy, planning and budgeting, and in poor budgetary outcomes¹⁷. In PNG, fragmented policy, planning and budgeting have resulted in insufficient funds to prepare, construct, equip, staff, operate, and maintain investment projects and assets, while recurrent services are also starved. The recent addition of Supplementary Budget (windfall) funds sequestered in trust accounts off-budget has added to the difficulties of aligning funds with priorities across all the funds available, coordinating budget execution, and ensuring transparency and accountability.

¹⁶ For example, a Provincial Health Officer has no systematic way of knowing when a Provincial Treasurer receives a warrant to release their operational funds, often leading to long delays in implementation

¹⁷ World Bank Public Expenditure Management Handbook. 98, p53

Unconstrained expenditure on payroll - Within the recurrent budget, an important factor in starving both services and investment project implementation is unconstrained expenditure on salaries and wages at the expense of operations and maintenance, compounded by the widespread use of casuals paid from the goods and services budget (including at sub-national level). Paying people in excess of establishment directly cuts the money available to deliver services. Salaries and wages are the only item of expenditure for which warrants are not required ex ante, but are issued ex post, usually at the end of the year. This enables salary blow-outs, with some provinces at over 160% of budgeted payroll early in the year. While the current devolution of payroll could yield great benefits, without financial discipline over resources, both human and financial, the ability to deliver services will deteriorate further. Important lessons can be learned from the better-functioning agencies that succeed in controlling staff numbers and pay.

A public service built on merit - One of the areas where politicisation and cronyism have been most destructive to performance is the public service. Patronage through “wantok” loyalties is commonplace in the public service and this can be demoralising for those public servants who do not benefit. There is frequent, broad “spill and fill” restructuring; limited recruitment and promotion on merit; and unfair treatment of women, few of whom are senior managers, and whose ability to work is handicapped by conditions in the workplace and violence at home. Lack of flexible or part-time work disadvantages both women and men with family responsibilities. Accountability systems necessary to promote merit-based staffing are trailing well behind the process of human resource management devolution to line agencies and provinces.

Low participation of women in the public sector - Women’s leadership and participation in the government and the public sector needs to increase if there are to be improved services for men and women in PNG. Fewer than a quarter of the public service workforce in PNG are women¹⁸; GoPNG data show a decline in the appointments of women at senior levels¹⁹; and anecdotal data from the Office for the Development of Women (ODW) indicate that most women in the public sector are in lower ranking jobs. There is still only one woman in Parliament despite more women candidates in 2007 (101, up from 66 in the previous election). Only four women have been elected to Parliament since Independence in 1975. PNG and the other Melanesian countries together account for the lowest percentage of women in Parliament in the world; on par with the Arab states, several of which do not allow women to vote.

The lack of women’s leadership opportunities in the elected and appointed administration, and the lack of women’s voice within government, translates into a lack of services that meet the needs of both men and women. Indicative research²⁰ suggests that government policies and budgets only begin to change to benefit all citizens after a country achieves a critical mass of 30 per cent women within government – a distant benchmark for PNG.

¹⁸ 18,300 women out of a total of 76,000 public servants.

¹⁹ The MTDS Performance Management Framework – Pocketbook 2007 indicates of 18 newly-appointed heads of department in 2006, all were men. By comparison, one out of eleven appointments in 2005 were women and two out of ten in 2004.

²⁰ Quoted in Inter Parliamentary Union, *Women in Parliament 2007: the year in perspective*, 2007, p3

The procurement chain - The procurement chain stretches from initial consultations to the feasibility study, to design and technical specifications and the estimation of capital and recurrent costs as well as asset management throughout the project cycle, to approval by the relevant agency, followed by budget submission. This process should occur early in the budget cycle so that projects can be tendered at the beginning of the financial year, and procurements made promptly. However, loose procurement regulations and poorly drafted bid documents have enabled the manipulation of contract awards and unproductive expenditure. To counter this, there has been some strengthening of regulations and the creation of the current structure whereby the Central Supply and Tenders Board (CSTB) oversees the Specialised and Provincial Supply and Tender Boards (STBs). Yet pressures on senior officials and provincial STBs remain, and the non-competitive Certificate of Inexpediency (COI) is still used extensively to avoid public competitive tendering. The risk of contract award manipulation remains high. Annual reports on procurement are rarely submitted, so direct reports on procurement expenditure cannot be made – a significant gap in government information and control of its finances.

Consultation and participation - GoPNG has tried to increase consultation during budget preparation, including the “Opening the Budget” seminars in the regions. Special measures to involve women in decision-making include their mandated representation on district and provincial budget and development committees, but selection processes for these women can be flawed. More is needed to achieve greater participation of women and men in policy development, planning and monitoring processes at all levels.

External and internal accountability²¹ - The Office of the Auditor-General has made great strides in dealing with the audit backlog, but would benefit from greater resources and specialized skills in order to deal more effectively with the challenges it faces and to cover the sub-national level and natural resource sectors adequately. The effectiveness of the Public Accounts Committee (PAC) has fluctuated, and audit reports are not always tabled in a timely way.

Within GoPNG, control of inputs (staff, funds, goods) is generally poor, with weak adherence to financial instructions. Provinces lack information on their own unified budgets, a problem aggravated by the use of separate accounting codes for own revenues and central government revenues. They lack information on line agency allocations, and the timing of warrant releases, and it is hard to track expenditure. GoPNG is developing a new Information Financial Management System (IFMS) but it is a long-term prospect and will not address a fundamental issue – the mismatch between functions assigned to different levels, and the funds and capacity provided to discharge them.

This analysis confirms four areas that are critical in the design of EPSP and which present different challenges and opportunities for women and men:

- **Public service:** the leaders, managers, human resources and systems that determine the performance and accountability of organisations and individuals in the public sector.

²¹ The Office of the Ombudsman is the most impressive in the region, and is a crucial external accountability mechanism; however it is supported by Australia through the PNG Australia Law and Justice Partnership.

- **Public financial management:** management of the financial resources of government including budget formulation and execution, and government investment policy.
- **Information, transparency and accountability:** collection, scrutiny and dissemination of government policy, budget and resource information, within government and to the public.
- **Enabling environment for broad-based growth and employment:** policy and regulatory settings that better enable equitable economic activity by public and private organisations.

1.4 Lessons Learned

The EPSP learns from a range of important lessons from PNG and the region. These lessons can be summarised within three categories: technical, capacity development, and program management. The lessons from the eleven years of experience of ASF are of particular importance to the next phase of assistance.

1.4.1 Technical Lessons

Lessons from GoPNG's Review of the Public Sector Reform Program, PERR, other relevant PNG studies and international experience as applied in the context of EPSP indicate:

- Efforts to strengthen central agencies – even when successful – do not automatically lead to improvements in the lives of citizens. Nor does economic growth automatically lead to higher incomes or to more effective government delivery of better services. This realisation fundamentally shapes EPSP. Central agencies are necessary for government service delivery – they provide the funds, define human resource management rules and procedures, operate financial management systems, and they coordinate policy making and allocate and deliver money through the budget and planning systems. But central agencies need to test their performance according to its effectiveness in enabling line agencies and sub-national administrations to deliver services
- The links between national government and public funds and administration at the provincial, district and local levels in PNG are crucial to service delivery. These links have often been neglected in central agency strengthening efforts.
- Development strategies and plans must demonstrate how momentum for reform can be achieved through appropriate phasing of activities. The phasing should take into account prior information or actions, essential foundations or technical pre-conditions for facilitating change and improvements in public service, and the importance of motivation, recognition and demonstration effects.
- Strong leadership and management arrangements associated with reform are vital, particularly at political and senior executive levels, together with effective monitoring and oversight. Good managers can enhance public servants' potential to develop as effective practitioners as well as encouraging staff to stay in the public service. Supporting good managers can help them create a demonstration effect

that generates healthy competition amongst agencies in terms of rewards for performance, particularly where it leads to better services and is noticed by politicians and civil society.

- For a change management program to be successful it should incorporate institutional, non-pecuniary incentives and rewards for change, in turn generating greater incentives for compliance with budget rules, transparency of decisions, and stronger management motivation of reform. Recognition of good teamwork and rule respect by staff (or conversely, reprimands), frequent communication with staff to reduce anxiety and disruption of work, and provision of workplace-related training and retraining as needed are good management practices.
- Public sector reforms should include a communication, public relations and dissemination plan. A wide consultation process, including with sub-national governments and civil society, builds demand and ownership of reforms. It will be important to keep in touch with stakeholders regularly during implementation.
- Reforms need to form a coherent whole and be linked to policies and programs across government. Changes in human resource management and budget/financial management are important central elements in this respect.
- The speed and methods of implementation of new processes (including the IFMS) should be phased in step with the strengthening of institutional and personnel capacity. Basic accounting systems should be rolled out before more complex processes are introduced.

1.4.2 Capacity Development Lessons

EPSP will build upon capacity building lessons learned and successes already experienced in the PNG context²².

- Capacity development must be seen as both a process and objective which develops capabilities in individual men and women, groups, organisations, sectors or countries, to achieve sustained and self-generating performance improvement.
- Assistance must be owned, motivated and sustainable. Assistance that focuses only on technical content does not work if it alienates, discourages or undermines existing capacity.
- Capacity development must be a collaborative process supported through the creation of long term partnership arrangements with agencies and work units that enable joint problem identification, consensus on results sought, and management and staff commitment to the resulting planning, management and performance frameworks.
- Technical assistance and counterpart relationships can work productively when efforts are made to strengthen: personal and professional relationships; choice of

²² Refer to the 2008 ASF Review; the joint GoPNG/GoA Counterpart Study conducted in 2008; the 2007 Review of the Public Sector Reform Program, the AusAID Gender Stocktake, and the ECP Draft Capacity Building Strategy.

intervention; reporting; group versus individual approaches; selection and recruitment; communication; location; appraisal; access to resources;

- Capacity development efforts need to purposefully integrate gender equality or they will not successfully support more effective institutions that are able to delivery services to diverse populations.
- Programs need to help managers delegate to responsible staff so as to lessen the risk of local staff displacement and de-motivation. Managers need to involve staff, choose trainees wisely, and require stronger performance after training.
- Achieving changes in capacity takes a long time and needs to be reinforced by the agencies – such as the Auditor-General, Treasury, DPM – whose role is to develop and implement institutional rules and norms in society; accordingly, programs need to support these institutions also.
- Training is rarely the optimal tool for capacity development, but there can be a role for targeted training to address key skills deficits specific to an agency if identified through a shared diagnostic as part of a coherent capacity development approach. On-the-job coaching, short-term targeted courses (either in-country or regionally) and twinning can be effective options for enhancing skills in partner government agencies. Special measures are often needed to enable women to participate in and benefit from mentoring and training programs.
- Careful selection, use, monitoring and management of technical assistance is essential, with greater transparency about its costs and benefits, clarity regarding recruitment and reporting relationships, and an agreed timeframe in which to evaluate development of capacity and improved performance.

1.4.3 Program Management Lessons

In PNG and elsewhere effective management of aid programs requires greater effort to:

- Ensure programs report at a strategic level, to provide strategic direction, ensure consistency with overall government policies across sectors and institutions, and provide institutional incentives for change, including greater external scrutiny and consultation.
- Restructure organisational relationships so that development programs encourage and use country financial and administrative systems (where they are fundamentally sound) for program management, implementation and monitoring, including evaluation.
- Reduce the fragmentation of development interventions to achieve harmonised donor actions and requirements; unified implementation structures; government-led donor coordination; and greater attention to social, cultural, and political development influences and the role of information flows.
- Encourage trust and collective action between partners resulting in open dialogue and transparent information and actions. GoPNG requires more space to assert their ownership and leadership, and should in turn treat donors as legitimate

stakeholders and dialogue partners, enabling them to meet their accountability requirements.

- Reduce the planning–implementation gap. The focus of donors is often on policy and planning, in part because technical assistance performance is difficult to monitor, and in part because the ‘rewards’ of policy and planning are apparent quickly. Implementation, delivery and reporting as core competencies have often been overlooked – there are few rewards for a disciplined approach to implementation and sustained performance at the field level.

1.4.4 Lessons from the Advisory Support Facility

AusAID has provided support through ASF for eleven years. The effectiveness evaluation²³ of ASF found that it assisted GoPNG to implement public sector reform and was successful as a means to build capacity at the individual and work-group level. A feature of ASF was its ownership by GoPNG, demonstrated by the operations of the joint Facility Management Group that approved new requests for support. ASF was highly responsive and demand driven. Decisions were guided by a strong capacity building ethos and an effective joint annual planning process; ASF advisor recruitment processes were an important strength.

ASF to some extent missed opportunities to provide more strategically positioned assistance or to work in a more integrated manner across units within an agency, or across agencies. As such, capacity building was less successful at the agency or sector level. ASF did not provide a mechanism for strategic dialogue between the two governments, despite the effectiveness of facility management and governance structures. The restrictions on the forms of aid AusAID could utilise through ASF undermined its capacity to respond creatively to requests – technical assistance was the default response and there was limited integration with forms of support provided through other mechanisms²⁴. While early support to the Provincial Performance Improvement Initiative (PPII) was provided through ASF (in advance of developing the Sub-National Strategy), ASF support was almost exclusively provided at the national level, with only four placements outside Port Moresby.

1.5 A New Phase of Assistance

GoPNG’s 2007 Review of the Public Sector Reform Program concluded that ‘the future public sector reform challenge for Government is to design and lead an unambitious and controlled reform program that enables a critical spotlight to be shone on any agency at any time.’ EPSP will therefore target a new approach and represents a new phase of Australia’s cooperation with PNG to improve economic and public sector management. It provides an integrated framework to contribute to the priority outcomes of the PNG-Australia Partnership for Development. In particular, EPSP is a centrepiece of efforts to achieve priority outcome 4: *An Efficient and Effective Public Service*. It will also contribute to achieving priority outcome 5: *Development Policy and Program Formulation Based upon Sound Statistics and*

²³ PNG Advisory Support Facility Phase II – Facility Effectiveness Evaluation, March 2008

²⁴ These other mechanisms included targeted training through PATTAF, twinning, and the placement of Australian officials through the Enhanced Cooperation Program.

Performance Reporting. Gender equality and HIV management are critical cross cutting priorities throughout the program.

Capacity development is a long-term endeavour requiring a long-term investment. Fundamental to EPSP is the joint commitment to implement a cohesive and long term program for at least 10 years, with scope to expand further if required.

Five key features in the EPSP design approach reflect lessons learned and underpin the goal and result areas for the program, as well as enhance the program’s overall effectiveness:

- Integration and coordination of relevant activities across government
- Clear focus on strengthening the links in the chain to service delivery
- GoPNG implementation based in agency partnership agreements
- Building capacity at the sub-national level
- Incentives for change

High level coordination and management of initiatives supporting public sector reform have been limited in the past because of a lack of cohesion and alignment across the key partners and stakeholders. The same has been true within AusAID’s various mechanisms for support. EPSP provides the framework for far greater **integration and coordination** of all relevant activities – both co-funded PNG-led and Australian-funded activities. These include PSWDP, FMIP/PCaB, PPII, SGP, and institutional twinning. EPSP also emphasises coordination at the whole-of-government and whole-of-agency levels, which builds on past support targeted at the individual and work group level.

Enhanced central agency planning and organisational restructuring has had little perceptible impact on the lives of men and women in PNG (i.e. service delivery has not improved). EPSP will focus explicitly on the **service delivery** impact of stronger economic and public sector capacity. It will work within GoPNG systems to address weak links in the chain between central administration and the delivery of services. Strengthening central capacity for its own sake is no longer enough; the purpose is now improving public sector effectiveness in order to improve the lives of PNG’s citizens.

To achieve the service delivery focus, EPSP emphasises GoPNG **management and implementation** of plans, policies and programs. PNG is well-served for robust strategy and planning documents; Australia’s support (particularly through ASF) has enhanced PNG’s capacity for planning. More difficult is the effective implementation of those plans. Therefore EPSP will focus on supporting implementation: of national and sub-national budgets, of national plans, and of agency plans and service delivery obligations.

The focus on service delivery also necessitates a focus on **building capacity at the sub-national level**. GoPNG and GoA jointly support a number of programs to enhance service delivery at the sub-national level, including sector programs in health, education, infrastructure, law and justice, and the Sub-National Strategy. EPSP bridges the gap between central agencies and these programs by emphasising the importance of effective operation in the central agencies to complement their efforts. The strongest nexus will exist with the PPII. EPSP will develop sub-national capacity by helping national agencies to improve the budget, personnel, information and other systems that sub-national agencies

need to meet their service delivery responsibilities. EPSP will also provide support through national programs that directly assist sub-national governments – as a complement to PPII – to strengthen capacity at the sub-national level.

Changes in the economic and public sector must be driven by GoPNG, particularly at political and senior executive levels. Improvements will be influenced not only by limited capacity but also by organisational, socio-cultural and political factors. Australia's capacity to support change is therefore limited, but will be enhanced by the inclusion of an **incentives** element in the EPSP approach. Where opportunities arise, incentive-based funding will help to drive change by influencing the motivation of managers and staff to improve performance. Investing in the incentives for improved performance complements other EPSP capacity building activities and will address a crucial missing link in previous efforts to improve performance and effectiveness in the public sector.

The rationale for Australia to continue to work in partnership with PNG in the economic and public sector is based on a joint commitment to improving the living standards of Papua New Guineans and making progress against the Millennium Development Goals (MDGs). Real improvement hinges upon revitalising the public service and its capacity, in its systems, organisations and people, to manage and implement public resources. As central systems are critical in underpinning all government operations, improving central agency performance and enhancing links to service delivery and sub-national governments are essential elements in supporting the effectiveness of GoPNG as well as the rest of Australia's aid program in PNG.

Australia has been engaged in supporting public sector reform, central agency strengthening and assistance to the machinery of government in PNG for many years. Australia's political and administrative systems of government mirror PNG's – they come from the same Westminster tradition. Australia continues to be the lead donor in this field and as such has had the greatest opportunity to learn from the successes and challenges of that assistance. EPSP is the opportunity to apply that learning.

1.5.1 Operating Principles

The implementation of EPSP will be guided by a set of operating principles developed in line with the outcomes of the design workshop²⁵ and responding to the commitments in the PNG Commitment on Aid Effectiveness and the PNG-Australia Partnership for Development²⁶.

- **Partnership and Mutual Accountability:** The spirit of partnership will manifest in a practical sense. Management and decision making at all levels will be collaborative, from the development of joint strategic priorities, to joint capacity diagnostics and joint selection processes where Australia and PNG have an equal say. Partnership in EPSP will mean mutual responsibility and mutual accountability.

²⁵ Joint GoPNG-AusAID Workshop: Future Support for Economic and Public Sector Governance in PNG – Workshop Report, 29 February 2008

²⁶ Note, these principles also reflect the Paris Declaration and the Accra Action Agenda as well as relevant recommendations of the PNG Advisory Support Facility Phase II – Facility Effectiveness Evaluation, March 2008

- **Alignment and Effectiveness:** The program will support and be led by PNG's policy and program priorities, maximise efforts to work through and strengthen GoPNG systems, and seek to increase value for money by using a wider range of forms of aid. As such, the program will be guided by PNG's coordination mechanisms, particularly CACC and will maximise the ownership of the program by GoPNG. Effectiveness will be enhanced by long-term engagement in priority areas and a focus on implementation.
- **Coherence:** Activities will be developed to achieve coherence with the rest of EPSP, and with other programs and priorities of PNG, AusAID and other donors. There will be explicit links between EPSP and PPII.
- **Learning and Managing for Results:** Reflecting a greater focus on development results, the program will adopt a deeper approach to monitoring and evaluation. It will support monitoring and evaluation (M&E) for accountability, management *and* learning, and will support mutual responsibility for results against agreed indicators, including the MDGs, PNG's own targets, and those agreed in the PNG-Australia Partnership for Development.
- **Flexibility with Focus:** The results framework is the agreed target for focus, with that focus sharpened annually. However, EPSP will respond to opportunities where they arise; will support change champions where they emerge, and will be led by the priorities and initiatives of GoPNG.
- **Equity:** EPSP will ensure program activities adequately address gender and other equity imperatives, and that they contribute to achieving a public service which promotes equal opportunities and is free from discrimination.

The practical application of these principles is described in subsequent sections addressing the capacity building approach and program implementation arrangements, including monitoring and evaluation.

2 Program Description

2.1 Goal

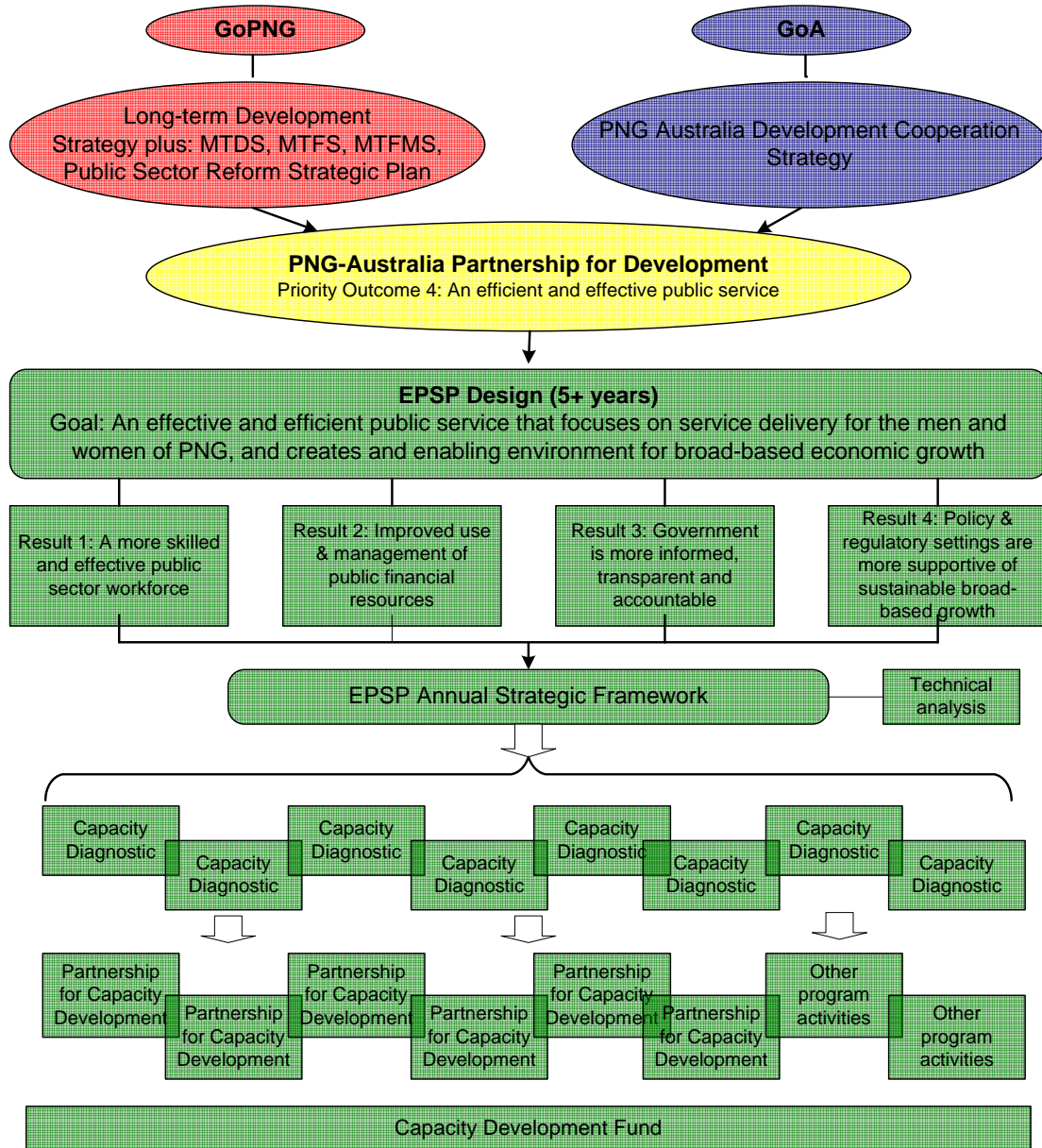
EPSP addresses the needs of central agencies in their role as key enabling institutions supporting effective government in PNG, with a focus on the delivery of services to the majority of the population. The goal of EPSP is consistent with the common purpose of the development strategies of both PNG (including the MTDS) and Australia (Development Cooperation Strategy), and reflects the priorities agreed in the PNG-Australia Partnership for Development:

An effective and efficient public service that focuses on service delivery for the men and women of PNG and creates an enabling environment for broad-based economic growth.

The goal represents a long-term commitment by Australia and PNG, providing the necessary investment to achieve incremental improvements in public sector performance through a long-term capacity development approach. Given the long-term deterioration of

public administration in PNG it will take concerted action over time to halt, let alone reverse.

The diagram below provides a snapshot of the relationships between the high level policy and strategy frameworks of both PNG and Australia, and the goal and results agreed for EPSP:



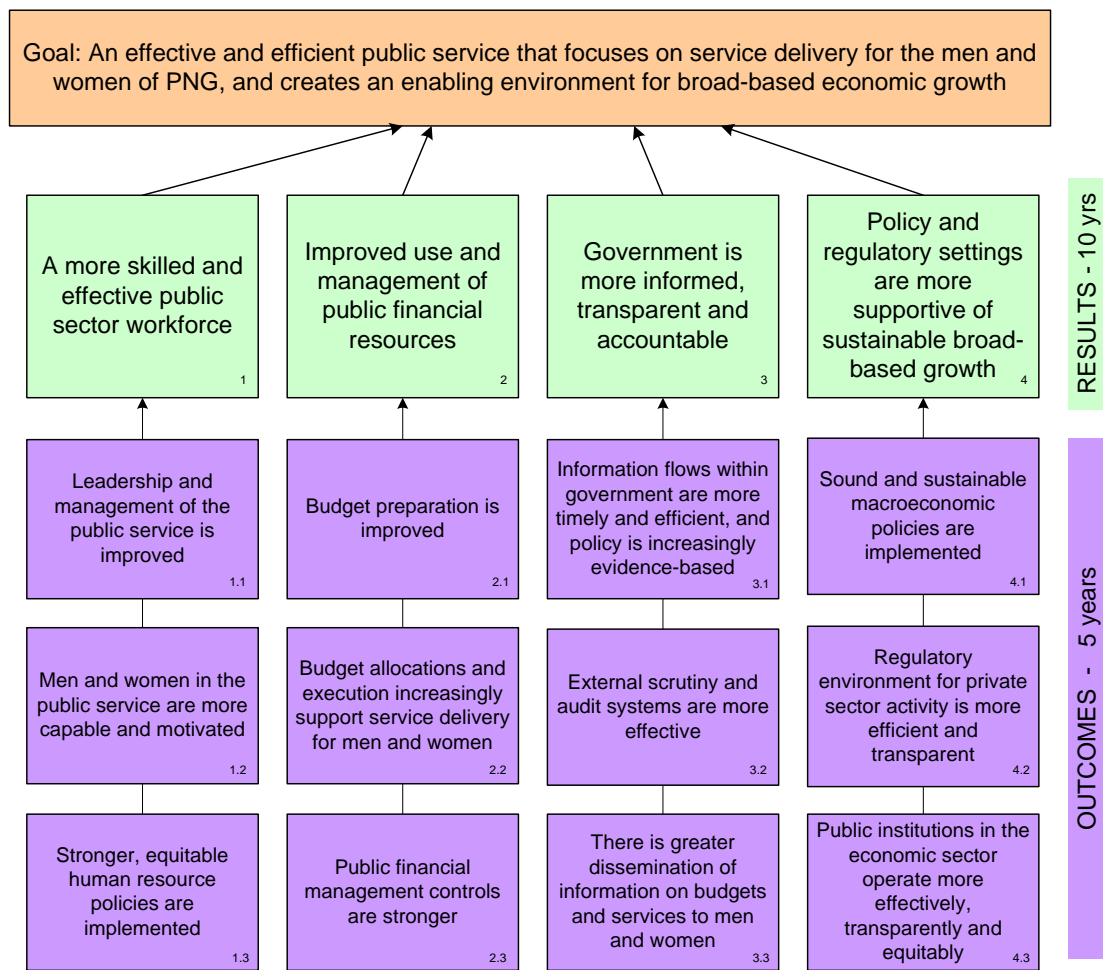
2.2 Results Framework

The EPSP is structured around a results framework, which provides the Goal, Results and Outcomes the program aims to achieve over its 5-10 year timeframe. The Results articulate the systemic change the program hopes to achieve by 2020 (i.e. in 10 years of program implementation), while the Outcomes will represent significant progress to achieving the goal and result areas and have a shorter time horizon of the first five years of program implementation.

The result areas that will be the focus for EPSP are:

- Result 1 A more skilled and effective public sector workforce**
- Result 2 Improved use and management of public financial resources**
- Result 3 Government is more informed, transparent and accountable**
- Result 4 Policy and regulatory settings are more supportive of sustainable broad-based growth**

The diagram below outlines the logic of the program and shows the five-year Outcomes the program will target in working towards the results. Within this framework, activities will be progressively identified through dialogue and agreement between Australia and PNG. The Monitoring and Evaluation Framework provides indicators of what success might look like in terms of achieving Outcomes and progress towards them.



2.2.1 Annual Strategic Framework

The prioritisation and sequencing of activities under EPSP to achieve the Results and Outcomes is crucial. Within the results framework the program will develop an annual Strategic Framework to prioritise and coordinate program resources in jointly agreed activities that are considered essential for improving public sector performance, service delivery and growth. It will be developed and updated each year and will be the primary mechanism for identifying the greatest areas of opportunity. The Strategic Framework will

annually interpret the Results and Outcomes so they are clear and measurable for each activity, and detail a responsive implementation plan using all resources available, including SGP and twinning activities.

The Strategic Framework is the centrepiece of the program’s facilitation of whole-of-government coordination and, through the CACC, will facilitate high-level dialogue between Australia and PNG. It will align to the high level commitments outlined in the Public Service Schedule to the PNG-Australia Partnership for Development and leverage GoPNG funding to joint initiatives, including under co-financing arrangements.

The Technical Analysis at Annex 1 outlines the breadth of possible reform priorities and activities and identifies the crucial prioritisation and sequencing required for implementation. Section 2.3 (below) provides an indication of the likely priorities and opportunities for action in the initial years of the program. The first annual Strategic Framework will be based on an update of the Technical Analysis that shows: (i) the agencies/provinces that could achieve quick wins and had fewer entrenched and difficult problems, and deserved early support; and (ii) how service delivery agencies and provinces are impeded by central agencies, with concrete examples that would then guide the type and sequence of activities needed under the program. Sequencing will be determined by tactical considerations, working first with agencies that can demonstrate that change is both possible and productive, and will also be subject to technical feasibility considerations (what has to be tackled in technical terms before something else can be done).

The first step in the implementation of EPSP will therefore be a joint diagnostic of the links in the chain between central agencies and ultimate service delivery agencies. The diagnostic will focus on policy, financial management, organisational and human resource issues, both of a technical and non-technical nature. It will include the difficulties caused by mismatch between functions and resources, lack of information and poor communication, and the barriers to equality of outcomes for both women and men. The diagnostic will also seek to identify the strengths in the chain: those aspects that are working well and that offer opportunities to support emergent or established successes.

When conditions for change are not ideal, particularly where leadership and management is poor, the program will need to assess the overall feasibility of continuing to provide assistance, and in some cases may need to discontinue an activity or redirect assistance to other areas. The program design also allows scope to support unanticipated emerging opportunities that fall outside the annual Strategic Framework, but have potential to achieve a demonstrable positive impact. This scope will be limited to a maximum of 10 per cent of the program budget in each year.

2.2.2 Approach to Implementation

Section 1 illustrates a range of economic, political, social and technical factors as the key drivers of change in the public service that will influence which Results and Outcomes provide the greatest opportunity for success at any given time. Although partially beyond the control of the program, understanding and responding to drivers of change forms a key part of EPSP’s logical approach to implementation in order to achieve systemic change that leads to incremental improvement in public sector performance. The approach recognises that change agents and incentives for change operate at different levels, from individuals to groups and organisations. As such, the program is founded on a cycle of effective joint

diagnostics, tackling key systemic issues, building stronger relationships with good performers, and providing opportunity for organisational learning and improvement. EPSP will:

- **Support appropriate and more effective use of joint diagnostics** underpinned by previous analysis that will assist PNG agencies to identify problems, priorities and initiatives. The diagnostic will distinguish between system-wide issues affecting an agency and issues that are specific to them. Partner agencies will be supported to use diagnostic tools to analyse capacity issues crucial to improving agency performance and more effective implementation. A key role for EPSP will be one of sharing learning from existing successful agencies and supporting and facilitating GoPNG analysis as much as possible.
- **Tackle particular systemic issues** that are considered most essential for improving service delivery at all levels of government.
- **Build stronger relationships with good performing partner agencies and managers** from the outset of the program, in many cases building on existing relationships. It will formalise these relationships and the implementation of agency-specific assistance through Partnerships for Capacity Development (see Section 2.4.1). To create demonstration effects, most initial support will focus on agencies and managers that can deliver demonstrable results within a reasonable time frame.
- **Provide an opportunity for continual organisational learning and improvement** through evaluation, studies and research, with a link back to strategic planning and decision-making in a cycle of learning, reflection and planning. EPSP will use lessons learned from better performing agencies and will link evidence of change to an assessment of program performance.

The program's approach to implementation presupposes a theory of change that provides the basis for key assumptions under the program design, both in terms of the results the program aims to achieve (the 'what') and the way assistance is provided (the 'how'). The theory of change can be generally described as:

- First, public sector *organisations* can: describe their own strengths and weaknesses and plan for improved performance; use skills, knowledge and information effectively if they are given these; and achieve better outcomes with improved performance;
- Second, the public sector *system* can be improved if: organisations that set the rules and whose responsibilities cover systemic issues have sufficient capacity and are managed effectively; and coordination structures enable organisations to work together and are implemented; and
- Third, *external assistance* can play a role in improving public sector performance by: improving the understanding of performance issues in the system; building the capacity of organisations and carefully chosen parts of the system; improving the capacity and process for organisations to better coordinate; and promoting a culture of good leadership by supporting good leaders and managers and emerging ones.

2.3 Indicative Program Actions

The following sections serve as further explanation of the intended Results and Outcomes, and provide an indication of the likely priorities and opportunities for action in the initial years of program implementation.

2.3.1 *Result 1: A more skilled and effective public sector workforce*

Outcome 1.1 Leadership and management of the public service is improved

Agency leaders and managers are central to achieving a more effective and equitable public service. They shape organisational culture and are responsible for achieving results. EPSP will support improved agency leadership and management, including exemplary leaders who can become mentors and models within their systems, particularly for young and motivated public servants. GoPNG is committed to strengthening the Department of Prime Minister and National Executive Council (PM&NEC), CACC and central agencies themselves, to improve leadership, coordination and monitoring of reform initiatives and overall government effectiveness.

GoPNG has initiated a substantive exercise to better coordinate and monitor public sector reforms. A WoG Performance Planning and Monitoring Framework (PPMF) is being developed by PM&NEC. Once implemented, it will summarise GoPNG's policy agenda and monitor performance and progress of specific outcomes and outputs that government agencies are expected to deliver on an annual basis.

Indicative early actions:

- strengthen coordination of NEC submissions via PM&NEC and CACC;
- support improvements in line agency and sub-national policy and budgetary submissions to NEC, complementing the efforts of PPII;
- support effective leaders and managers as change champions for improved public sector management, mainly through the PSWDP Executive Development Program and by strengthening existing performance management systems; and
- assist with the development and operationalisation of the PPMF.

Outcome 1.2 Men and women in the public service are more capable and motivated

A core issue for the public service is limited human capacity, and particularly limited numbers of women. In response, GoPNG has commenced a new phase of workforce development in the public service. Following an initial three-year establishment phase, PSWDP, which a 2007 independent review suggested could (with appropriate leadership and resources) become the most effective program for public service improvement in PNG, has been extended for five years to 2012. EPSP support for PSWDP will be complemented by a range of support to enhance public sector skills and address motivation and institutional incentives.

Indicative early actions:

- continuing support to the development, delivery and outcomes of PSWDP across all levels of government, including developing a new public sector training package recognised under PNG's National Qualifications Framework;

- work with PNG’s Institute of Public Administration to help it develop relevant and good quality competency-based training to public sector employees, with the aim of supporting the development of an effective public sector workforce;
- comprehensive skills development including workplace-focused targeted training agreed with managers for women and men leading to higher performance to complement other forms of aid, including technical assistance;
- support for an annual survey and report on the state of the public service to provide coherent and comprehensive information on the profile, cost and performance of the public service, as well as workforce planning and capacity. The survey will form a baseline for tracking progress; and
- examine issues affecting the performance of public servants operating in remote areas, including recruitment practices, pay and conditions, staff structures, communications, and services such as banking, transport, health, education, housing and law and order.

Outcome 1.3 Stronger equitable human resource policies are implemented

Workforce development through PSWDP will be complemented by continued support for GoPNG’s efforts to improve human resource policy and processes including gender equity, payroll management, recruitment and retrenchment; and agency restructuring. The current devolution of human resource management has great potential benefits, but payroll discipline, merit and accountability in the deployment of human resources are essential to counter the risk that capacity to deliver services will deteriorate further.

Indicative early actions:

- support to reformulate policy on agency restructuring so needed skills and motivation are retained and disruption in the work of government is minimised;
- support for human resource devolution with budget discipline and accountability, to national agencies and sub-national administrations;
- support for merit principles leading to enhanced performance-based culture and an effective results-based management system for public sector employees; and
- assistance to continue the development of a gender policy and related human resource policies and to implement existing HIV policy and legislation within the workplace.

2.3.2 Result 2: Improved use and management of public financial resources

Outcome 2.1 Budget preparation is improved

Improved fiscal management depends on robust systems for budget preparation, execution, and reporting. The MTFs provides a prudent framework for managing government resources and a clear method for calculating annual limits on expenditure from ‘windfall’ or supplementary budget funds. More effective coordination between the centre, line and sub-national agencies would help significantly in improving budget allocations and outcomes in line with development objectives. A longer-term objective to strengthen

budget preparation is to move from the existing three-budget silos (recurrent, development and supplementary) to an integrated national budget.

Indicative early actions:

- support Treasury and DNPM to achieve optimal allocation of expenditure required for both projects and services through the preparation of budgets within a unified envelope covering the development, recurrent and supplementary budgets;
- assist PM&NEC, DNPM and Treasury and collaborate with PPII to build the capacity of line agencies and sub national governments in budget preparation, with appropriate allocations to capital, staff and operations and maintenance within unified budget envelopes that include own revenues;
- support strengthened project preparation processes in DNPM, including project costings that identify all funding required including operation and maintenance; and
- build on existing public consultation in budget preparation, expand it to sub-national levels, and expand the effectiveness of existing, legally mandated, participation of women to enable a voice in resource allocation in PNG.

Outcome 2.2 Budget allocations and execution increasingly support service delivery for men and women

At present, disproportionate expenditure on salaries and wages relative to operations and maintenance (goods and services) is one of the most significant reasons for the decline in service delivery. These imbalances in budget allocations are exacerbated by poor controls on payroll expenditure and the use of operations funding for casual staff. The reinvigoration of the Medium Term Resource Framework (MTRF) will provide a medium term expenditure planning tool under the MTDS. If managed well it will lead to further improvements in budget formulation, both for central planning and for line agencies and sub-national administrations.

EPSP will complement sector and sub-national initiatives that are directly supporting service delivery. In addition, collecting and publishing gender-disaggregated data that allow government to analyse the impact of budget decisions within an equity framework would aid policy-making and lessen the current scarcity of public information in this area.

Indicative early actions:

- assist Treasury and Finance to strengthen the management of payroll within appropriations (especially in provinces) and achieve increases in expenditure on operations and maintenance;
- support the introduction of budget gender analysis to assess broad-based impacts;
- enhance management, expertise and accountability arrangements in Districts to use DSIP grants for sustainable service delivery, complementing PPII; and
- clarify functional responsibilities and match them with resource allocation – “funding follows function”.

Outcome 2.3 Public financial management controls are stronger

Improved public financial management including procurement, compliance with financial instructions, and audit, is central to addressing the quality and effectiveness of government spending and curbing fraud and other corrupt practices. The Public Expenditure and Financial Accountability (PEFA) assessment in 2006 identified overall improvement in GoPNG's expenditure management between 2002 and 2006.²⁷ However, shortcomings were found in elements of the predictability and control of budget execution, in particular the effectiveness of payroll controls. Accounting, recording and reporting were also weaker elements, which undermine accountability across the budget as well as for the large sums held outside the budget in trust accounts.

Indicative early actions:

- continue funding and support for the MTFMS through the FMIP, which aims to improve financial management systems and awareness within and between levels of government;
- support capacity development at sub-national levels in support of the District Treasury roll-out so as to achieve maximum benefits for service delivery;
- strengthen procurement processes, including transparency and CSTB oversight;
- in advance of IFMS operationalisation, support improvements in transparency and accountability in existing PFM systems, including Trust Account transactions, through adequate reporting systems and better records management; and
- support improved financial management and internal audit within national agencies and provincial administrations.

2.3.3 Result 3: Government is more informed, transparent and accountable

Outcome 3.1 Information flows within government are more timely and efficient, and policy is increasingly evidence-based

Without good information no organisation, or government, can operate effectively. EPSP will work to address information gaps and blockages within and between levels of government. In many cases this will target very practical and tangible information, but it will also support enhanced research and analysis, and the application of that improved information towards a stronger evidence base for policy decisions and resource allocations.

Work on this will be complemented by (and may incorporate) any future assistance to the National Statistics Office, given the agreement that sound statistics and performance reporting are a priority in the PNG-Australia Partnership for Development (Priority Outcome 5).

Indicative early actions:

- support and encourage the flow of tangible and practical operational information, such as:

²⁷ An updated PEFA assessment of PNG was prepared in 2008, but at the time of writing this design, had yet to be endorsed by GoPNG.

- more efficient and timely processes to communicate information on warrant releases;
- more complete and timely transmission of budget appropriations to line agencies and provinces;
- data on the impact of HIV and AIDS on the public sector workforce;
- assistance to provinces to develop simple presentation of total budgets, including own revenues and central transfers; and
- support IFMS so that it is designed to provide reports disaggregated by sector, gender and locality for both plan and actual (for development, recurrent and windfall budgets).

Outcome 3.2 External scrutiny and audit systems are more effective

Both the Auditor-General and the Public Accounts Committee (PAC) are central to increased accountability in the use of government resources.²⁸ PAC is a crucial accountability and anti-corruption body, whose effectiveness has fluctuated over time. EPSP will support these formal external accountability mechanisms in PNG to enhance their capacity to scrutinise government expenditure and call government to account. The Auditor General has made good inroads into the backlog of audits, but will benefit from support and resources to face its challenges and – critically important - to cover sub-national governments and the natural resources sectors adequately²⁹. Audit reports will be valuable for ministers and managers as ‘mini-diagnostics’ of problems to tackle.

Indicative early actions:

- a new package of assistance to the Auditor General’s Office to strengthen its capacity to perform independent financial and performance audits including of sub-national levels and the natural resource sector, and report findings effectively to Parliament in a timely manner; and
- support for a strengthened Public Accounts Committee.

Outcome 3.3 There is greater dissemination of information on government budgets and services to men and women

The ultimate accountability is a more informed citizenry and there is scope for EPSP to support the expansion and strengthening of existing public information and community monitoring efforts in PNG. For example, to strengthen public information, government could regularly publish warrant releases and other financial commitments at local level, giving communities greater scope to monitor budget and service delivery. In supporting such efforts, EPSP will cooperate with the Sub-National Strategy and the Democratic Governance Program (focusing on the supply side, within central agencies).

²⁸ The Ombudsman’s Office is a third central accountability mechanism for PNG, but it is separately supported through the PNG Australia Law and Justice Partnership. The two programs will work closely together to ensure efforts to improve accountability and transparency are coherent and mutually reinforcing.

²⁹ This is being developed via a separate process, the Support to Auditor General’s Office (SAGO), but it will be implemented under the auspices of EPSP.

Indicative early actions:

- support a GoPNG information and communication strategy regarding public sector strengthening initiatives as well as government policy and operations;
- work with the Democratic Governance program to strengthen the ability of men and women in the community to monitor & analyse budgets, projects, services;
- assist with establishing systems for regular public release of information that is disaggregated and user-friendly, e.g. warrant releases and budget details; and
- support regular public reporting and media releases under the Fiscal Responsibility Act.

2.3.4 Result 4: Policy and regulatory settings are more supportive of sustainable broad-based growth

Outcome 4.1 Sound and sustainable macroeconomic policies are implemented

Supporting sound policies, planning and decision-making to maintain macroeconomic stability in PNG will be a priority for the program. Fiscal sustainability, debt management and revenue policy, including assisting PNG to improve the efficiency and administration of and compliance with, the taxation system, are important priorities.

Indicative early actions:

- support for the implementation of the Medium Term Fiscal Strategy and the Medium Term Debt Strategy;
- support for the development of prudent GoPNG investment policy; and
- assistance to analyse the likely impact of the LNG project on the macroeconomy, on men and women differentially, and on sectors such as labour, transport, housing, migration and public infrastructure.

Outcome 4.2 Regulatory environment for private sector activity is more efficient and transparent

While there may have been some advances in recent years, the overall business and investment environment in PNG remains difficult, particularly in the informal sector where most women's economic activity is based. PNG is an uncertain, time-consuming and non-transparent environment for the private sector, for example in obtaining concessions, licences or other permits. Part of the solution is implementing improved labour market, business and investment regulations and building the capacity of government agencies responsible for administering laws in and providing information in these areas. Strengthening this regulatory environment also provides opportunities for ensuring that private sector operatives do not contribute negatively to the HIV epidemic.

Indicative early actions:

- actively support improvements in the existing structure of regulation that influence the cost of doing business. This could be reinforced by commissioning surveys to assess private sector views on priorities for action; and

- support the Department of Labour and Industrial Relations to restore its labour market information system, as the source of crucial information on employment, unemployment and skills gaps.

Outcome 4.3 Public institutions in the economic sector operate more effectively, transparently and equitably

Some public institutions are important contributors or constraints to equitable broad-based growth including selected government agencies and statutory authorities. The Government’s own analysis, supported by the PERR, finds that some statutory authorities have substantial financial and governance issues of concern. They are a fiscal and HR drain, a source of contingent liabilities for GoPNG, and a drag on a competitive economy. Work towards this outcome could make an important contribution to PNG’s economic growth and stability, but will be dependent on identifying change champions who are seeking support and aiming to achieve meaningful reform.

Indicative early actions:

- explore opportunities to support the transparency, accountability and efficiency of agencies and statutory authorities whose functions have important implications for the good management of the economy, including the natural resource sectors; and
- support diagnostics of the extent to which women benefit from distribution of land, mineral and forestry revenues.

2.4 Capacity Development Approach

EPSP adopts AusAID’s definition of capacity development³⁰ as: ‘the process of developing competencies and capabilities in individuals, groups, organisations, sectors or countries, which will lead to sustained and self-generating performance improvement’. This definition makes clear that capacity development is a process as well as an objective – *how* capacity development is undertaken will fundamentally influence how successful it is. ESPS will embed it within the GoPNG context through a systematic response to agency and sector performance objectives and implementation. Capacity development means achieving relevant and sustainable change towards the strategies and objectives GoPNG sets for itself³¹, and will need to be led by PNG’s own leaders and managers.

The purpose of capacity development in EPSP is improved GoPNG performance in the economic and public sector. This can create tensions between directing capacity development resources towards immediate performance improvement tasks (the ‘doing’) and the long-term, more difficult enterprise of mentoring, coaching and advising (the ‘building’). In practice, there will be a need for a range of resources across the spectrum of activity between these two extremes. Australia’s assistance to the economic and public sector to date has been characterised by silo-like responses limited by single form of aid mechanisms such as ASF, where technical assistance has dominated the responses.

³⁰ In PNG the term ‘capacity building’ is often used and in practical terms there is no distinction between the two expressions.

³¹ This definition draws on Engel, Keijzer and Land, “A Balanced Approach to Monitoring and Evaluating Capacity Development”, Discussion Paper 58E, European Centre for Development Policy Management, December 2007

The EPSP approach to capacity development is an integrated response that utilises **multiple forms of aid** defined through packages of assistance designed with partner agencies and involving both management and staff. Technical assistance is one, and only one, part of the capacity building equation. Using technical assistance is not, and should not be interpreted as, the default response. In EPSP it will be appropriately managed and limited over time. In the early years of the program there is an acceptance that technical assistance will form the majority of overall program costs as demand for technical advisory support by GoPNG remains high. Other forms of aid, such as the direct grants proposed under EPSP, will in most cases require a longer establishment phase whereby appropriate systems and processes are agreed and/or put in place before operation.

EPSP will contribute to PNG's performance improvement and monitoring against its own intended results. Stakeholders have highlighted a number of capacities that are necessary conditions for GoPNG performance:

- A clear organisational mandate and set of functions – a clear understanding of role and purpose;
- Sufficient managers and staff with appropriate skills, knowledge, experience and behaviours;
- A conducive organisational and institutional environment, including positive incentives for performance;
- The ability to develop and implement policies and plans relating to the organisation's mandate and function;
- Appropriate systems and procedures to implement policies and plans, and to manage tasks, people and resources;
- Effective relationships and partnerships within and beyond agencies of government; and
- Appropriate infrastructure and resources.

EPSP will be proactive in directing resources towards mentoring, developing, supporting and encouraging women in the public sector in order to help them advance. It will also invest in supporting men in the public sector to better understand the opportunities and challenges their women colleagues and employees face.

EPSP will use two main mechanisms of support:

1. **Partnerships for Capacity Development** – incorporating (as appropriate) technical assistance; targeted training, targeted research and analysis including information and communication initiatives, management support, and twinning.
2. **Capacity Development Fund** – incorporating (as appropriate) co-financing of GoPNG initiatives and incentive-based grants.

Modest ad hoc support can be provided outside these two mechanisms, within limits outlined below.

Important lessons can be learned from agencies that have already developed a strong organisational culture and delivered results. EPSP will support partner agencies to use

diagnostic tools to analyse capacity issues crucial to improving agency performance and more effective *implementation* of corporate plans and annual action plans. In addition to supporting the capacity diagnostics, a key role for EPSP will be one of sharing learning from existing successful agencies and supporting and facilitating GoPNG agency analysis as much as possible. The approach will identify capacity *strengths* using a strengths-based approach, as well as capacity ‘gaps’ in order to identify opportunities to strengthen agency systems and capacity.

The Program Office will include a Capacity Development Specialist who will assist with the management and processes of capacity development, including supporting agency diagnostic work and the development of Partnerships for Capacity Development. Other specialist inputs under the program will be provided in the areas of gender, training and learning, information and communication, and HIV mainstreaming.

2.4.1 Partnerships for Capacity Development

On the basis of capacity diagnostics (either new or existing), EPSP will assist partner agency managers to develop a coherent strategy as the basis for support through EPSP. The agreed strategy will translate into a Partnership for Capacity Development, which will provide an integrated approach, linked to whole-of-government reforms and agency-specific objectives. They will articulate agreed objectives, outcomes and results monitoring methods, supported by a management framework for identifying training, research and technical assistance, supporting twinning relationships, and developing mentoring programs (especially for women) in support of sustainable change. The Partnerships will address the appropriateness, relevance and rationale for EPSP support, and show the link between agency-level performance and improvements in the overall public sector system as articulated in the program’s structured results framework.

This approach builds on the ‘partnership agreements’ established under ASF and the agency-to-agency links under SGP and twinning activities in a way that creates a strategic partnership and dialogue at the agency level and with senior management of those agencies. They will also enhance agency ownership and management of provided resources and define mutual responsibilities and accountabilities. The partnership approach will facilitate an appropriate transition from externally-based support to full localisation to enable sustainability of reforms. Realistic expectations and timeframes for capacity development within a clear, medium to long-term framework will be necessary.

Technical Assistance: EPSP will interpret advisory requirements flexibly, with a phased approach and an acceptance that some technical assistance will be needed across the spectrum between performing tasks to advising and mentoring, reflecting the staged capacity building model³². This balance will need to shift over time. EPSP will support a contestable approach to determining the source of technical assistance, based on assessing comparative advantage and with the aim of deepening the pool of advisory expertise. This will mean selecting from local, regional, or international sources, or from Australia’s whole-of-government programs.

EPSP will build upon the systems, structure and capacity building successes of ASF and will integrate SGP technical assistance into the strategic and systemic requirements of

³² *A Staged Approach to Assess, Plan and Monitor Capacity Building*, AusAID, May 2006

partner agencies. It will support the design and delivery of a professional development program to enhance and support mentoring opportunities, when identified within the context of the Partnerships for Capacity Development. Both contracted and SGP personnel will be encouraged to participate, with their counterparts, in the AusAID-developed **‘Making a Difference’** (MaD) program³³, and will be supported by the program to do so. The Managing Contractor will provide logistical support for MaD across all sectors of the aid program, not just EPSP.

EPSP will support technical advisers to have the skills to address gender equity and HIV appropriately in the PNG context, recognising that both mainstreaming and special projects can deliver outcomes that support greater service delivery for women, as well as men. Specialist inputs in gender and HIV mainstreaming will support these efforts.

Targeted Training: Targeted training can be an effective tool to address skill deficits, although it is rarely the optimal tool for capacity development on its own. There must be a strong link between training and institutional strengthening, in order to avoid situations where personnel are trained, but return to an environment of poor management, few role models, no incentives for good performance, and few opportunities to use what has been learned. Continuing support – in the form of mentoring, the expectations of managers and support of peers and institutional relationships – has been demonstrated to be an essential component of effective professional development.

Targeted training will incorporate proven success factors, including: integrating mentor systems and participant follow-up action planning; prudent selection of participants; in-depth scoping of training needs and course specifications; supporting networks within Government and training providers; accessing specialist experts; and managing and monitoring results of training. Workplace action plans will be a key mechanism to align training with organisational planning and change. Mentors will provide vital links between targeted training and agencies, and will be actively involved in each stage of the training cycle. Training will enhance the skills of identified mentors. There will be an emphasis on providing training for women in the public sector to enhance career opportunities and move towards a more equitable public sector.

Targeted training will support and complement GoPNG workforce development initiatives.³⁴ Targeted training may also be available through EPSP to other AusAID-supported initiatives. Specialist inputs in training and learning will be provided under the program.

Twinning: Twinning programs between GoPNG partner agencies and those in Australia and elsewhere as appropriate will be actively encouraged and supported. There are particular advantages to supporting relationships between agencies active in SGP, as an

³³ This is a customised program, developed by AusAID in 2007, to support more effective capacity development through technical assistance. It was designed for the Melanesia context (particularly PNG and Solomon Islands) and brings advisers and counterparts together to explore and understand effective approaches to capacity building.

³⁴ Targeted training will also be linked with the range of other AusAID funded education and training programs including the Pacific Leadership Program (PLP), Pacific Executive Program (PACE), Australian Leadership Awards (ALA), Australian Development Scholarships (ADS), and the Australian Regional Development Scholarships (ARDS)

avenue to strengthen long-term institutional relationships through a variety of short term inputs.

Research and Analysis: EPSP research and analysis will explore evidence-based PNG solutions and information which will contribute to more effective and efficient service delivery for the men and women of PNG. In response to issues identified through GoPNG reform efforts and EPSP implementation, the program will support targeted research and analysis consultancies by partner agencies, NGOs, national³⁵ or international organisations. Special efforts will be made to facilitate the identification and application of disaggregated and gender specific data to assist in the development and execution of policies and budgets. Research and analysis activities will be closely linked to information, action learning, data and communication initiatives. This will contribute to improved service delivery by providing valid data and information to public servants and organisations delivering goods and services, as well as informing public sector end-users and consumers.

Where useful, EPSP may initiate its own research or analysis activities that could inform economic and public sector policy development linked to improved service delivery. This would include work with successful agencies to elicit their experience in strengthening capacity and results. Activities to identify and evaluate EPSP impact and inform monitoring and evaluation requirements may also be supported. An ancillary objective of the research and analysis work is to develop the capacity of PNG institutions, researchers and research users to be better informed with regards to service delivery issues.

2.4.2 Capacity Development Fund

EPSP will incorporate a Capacity Development Fund comprising up to 30 per cent of the program value. The Fund will accommodate both GoPNG and GoA resources, and potential funding from other donors as well. Grants from the Fund will take two forms: co-financed grants to help implement GoPNG initiatives, and incentive-based grants to complement activities of the Partnerships for Capacity Development. Management and financial reporting of Fund-supported activities will be transparent and subject to GoPNG financial management systems via joint trust accounts established under GoPNG's public financial management rules. Procurement associated with the use of grants will be undertaken by GoPNG using its own procurement systems where appropriate.

Co-financed Grants: EPSP will be the mechanism by which Australia maintains its co-financing of existing and future GoPNG programs for economic and public sector development, including PSWDP and FMIP/PCaB (refer to Annex 4 for an overview of existing GoPNG programs).³⁶ Co-financed grants will be aligned with the high level commitments outlined in the Public Service Schedule to the PNG-Australia Partnership for Development to leverage GoPNG funding to joint initiatives. Funds will also be used to support long term multi-year strategic investments for capacity development such as the forthcoming Support to the Auditor General's Office (SAGO).

³⁵ These could, for example, include the National Research Institute, the National Economic and Fiscal Commission, or PNG's universities.

³⁶ Co-financing of PPII is managed separately through AusAID's Sub-National Strategy

Incentive-based Grants: Using incentives in support of development initiatives can promote behaviour change and more efficient allocation of funding. The use of incentives can also counteract perverse incentives which may institutionally exist. GoPNG agencies often face challenges associated with perverse incentives. Additionally, many appear unable to access or free up resources and funding to enable public servants actually to do the job for which they are employed. Change must be driven by GoPNG, particularly at political and senior executive levels. Where opportunities arise, incentive-based funding will help to drive change by influencing the motivation of managers and staff to improve performance. Investing in the incentives for improved performance complements other EPSP capacity building activities.

EPSP will allocate incentive-based grants from the Capacity Development Fund as part of the integrated response of a Partnership for Capacity Development. Funding will focus on initiatives to support workplace teams and enhance the effectiveness of their work environment, in order to overcome operational inertia and address institutional blockages. Incentives could include: training; training materials; outreach between centre and provinces; database management and improved information flows; information technology upgrades; work-related equipment and consumables, and workplace repair and maintenance. Incentives may also be used to support special measures to increase the participation of women in the public service.

A maximum annual budget allocation of A\$1 million will be allocated towards incentive-based grants, with an initial ceiling of A\$100,000 per sponsored activity. Dollar for dollar contributions from both GoPNG and GoA will be encouraged. EPSP will review the incentives component after two years.

2.5 Forms of Aid

As described above, EPSP is an integrated response that utilises multiple forms of aid defined through packages of assistance designed with partner agencies to achieve long-term capacity development. The key components of the EPSP forms of aid are:

- *Aid modalities:* EPSP adopts a facility approach and, within the results framework, will provide responsive and flexible assistance for a range of economic and public sector development priorities in accordance with PNG's own policy framework. GoPNG does not have a sector-wide program for the economic and public sector, rather a number of sub-sector programs. EPSP will directly co-finance some of these programs such as PSWDP and FMIP/PCaB.
- *Delivery mechanisms:* AusAID and GoPNG will jointly select a private sector Managing Contractor to deliver the bulk of program implementation. Working closely with the Managing Contractor, AusAID will take a lead role in program implementation and facilitate coordination between EPSP and other relevant AusAID programs, particularly other Australian Government agency support through SGP and twinning activities.
- *Financing arrangements:* EPSP will provide a range of financing options. Within the overall Capacity Development Fund, and in accordance with PNG's public financial management regulations, AusAID will directly provide accountable cash grants through existing and new imprest account mechanisms. Resources will also

be transferred indirectly through contractual payments to the Managing Contractor or to other third party contractors engaged to support EPSP implementation and review processes. Due to the overall poor health of PNG public financial management controls, as confirmed in the 2006 PEFA assessment, direct budget support is not an appropriate option. All resources under EPSP will be documented in GoPNG's development budget.

- *Legal instrument for program implementation:* EPSP will operate under the auspices of a Memorandum of Subsidiary Arrangement between GoA and GoPNG, in accordance with the requirements of the PNG-Australia Development Cooperation Treaty.

2.6 Estimated Program Budget and Duration

Australia and PNG have made a long-term commitment to EPSP, reflecting the lesson that capacity development is a long-term endeavour. The initial term for EPSP is 10 years, with scope to expand further if required. The program will be implemented in five-year phases, with points of review for each phase.

Based on expenditure priorities in the economic and public sector and the current absorptive capacity of central agencies, the proposed budget from the Australian aid program for EPSP is up to A\$25 million per year for an initial five years. Actual program expenditure will depend on the extent to which effective use of the funding can be demonstrated in the initial years to achieving incremental improvements in public sector performance through a long-term capacity development approach.

Up to 30 per cent of the EPSP budget will be available to the Capacity Development Fund, and an allowance of up to 10 per cent is made for ad hoc responses to emerging issues that may be outside the annual Strategic Framework and Partnerships for Capacity Development, but which are agreed by the Program Management Group. The flexible nature of the program, within the results framework, provides good scope for scaling up of efforts should there be a need.

3 Program Implementation Arrangements

3.1 Governance and Management Structure

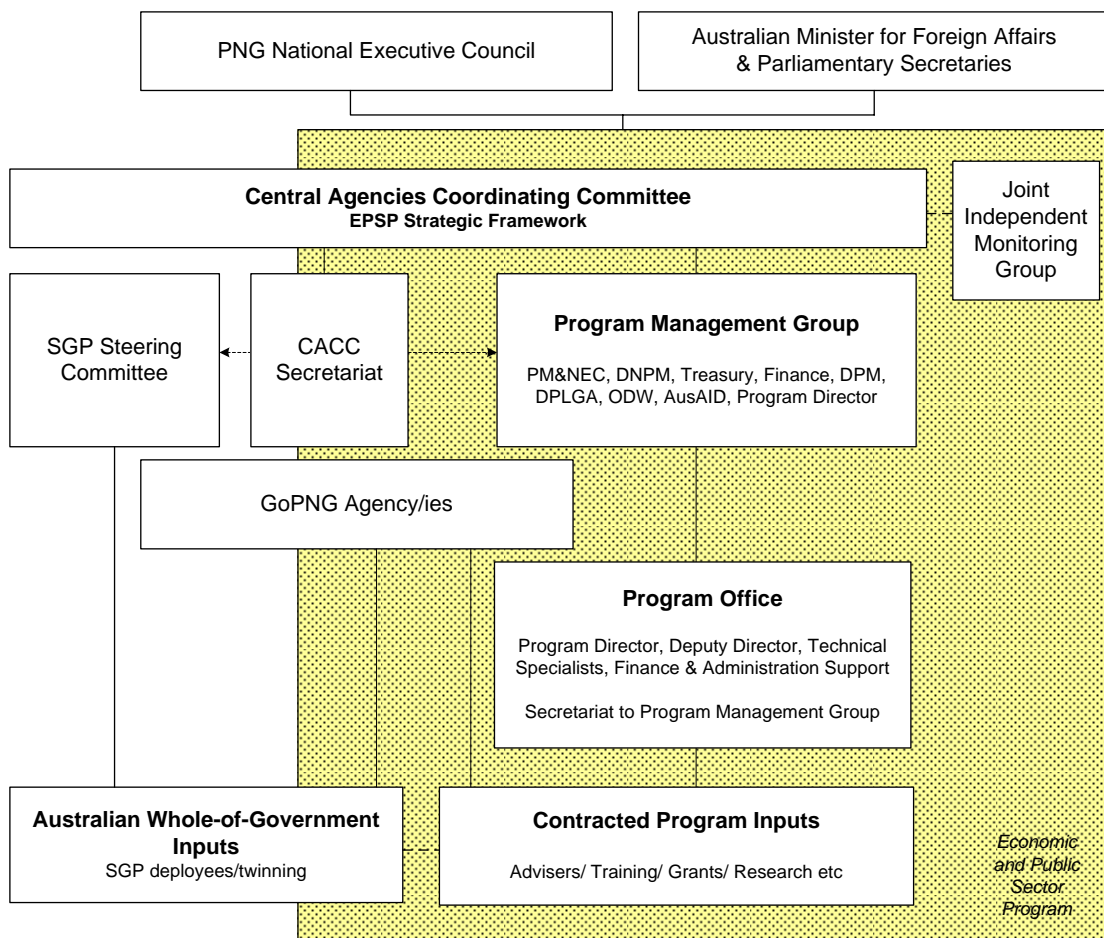
Management and governance arrangements for EPSP are cooperative and based on the principles of mutual responsibility and mutual accountability. They build on the strengths of the ASF management arrangements³⁷ by including: a high-level body to provide strategic oversight and guidance; explicit links to GoPNG structures, policies and processes; and clear roles and responsibilities.

The program will be, as much as possible, embedded in existing GoPNG structures. As such, its peak body is the CACC, which will provide the strategic guidance to the program and will be an active oversight body for the program's monitoring and evaluation. The role of CACC is central to improving the effectiveness of public sector policy and implementation processes. It sits at the centre of public administration and feeds directly

³⁷ PNG Advisory Support Facility Phase II – Facility Effectiveness Evaluation, March 2008

into the decision-making of NEC (Cabinet) and Parliament. By housing EPSP within the CACC structure, program operations will support CACC’s capacity to lead and coordinate policy and to support greater coherence across GoPNG programs.

EPSP, unlike other programs, does not sit neatly in a well-defined sector. Its engagement reaches across many aspects of public administration, including those at the sub-national level. On the PNG side there will be many agencies participating in the program – in its management structures, and as partners in capacity development. On the Australian side there will also be multiple agencies involved, by virtue of the whole-of-government engagement in PNG’s development through the bilateral aid program and regional programs. The diagram below provides an overview of the management and governance arrangements for the program:



PNG’s engagement in EPSP will be led mainly by the CACC Secretariat in PM&NEC, while the lead agency for Australia will be AusAID PNG. The integration of SGP support in the economic and public sector administration fields necessitates a clear point of interface between SGP management and EPSP management arrangements, as shown above and discussed further below. AusAID and GoPNG will jointly undertake a competitive international tender process to select a Managing Contractor, which will support program implementation.

3.1.1 Roles and Responsibilities

CACC: As noted above, CACC is the peak body for EPSP. Chaired by the Chief Secretary and including the Departments of Prime Minister, National Planning and Monitoring, Treasury, Personnel Management, Justice and Attorney General, Provincial and Local Government Affairs, Finance and Foreign Affairs, it will provide strategic guidance to the program.³⁸ When CACC is considering EPSP matters, AusAID PNG would be available to attend meetings and participate in discussions and decision-making as appropriate, and the Program Director will provide input and support if necessary.

In terms of EPSP, CACC will be responsible for:

- providing high-level strategic guidance to the Program Management Group and Program Director regarding economic and public sector issues and opportunities;
- ensuring consistency with government policies, and providing institutional incentives for change, including greater scrutiny and consultation;
- approving the annual Strategic Framework for the program, including prioritisation, sequencing and alignment decisions in order to maximise program effectiveness;
- considering annual program performance reports and monitoring program effectiveness at the strategic and results level; and
- commissioning selected issues-based evaluation studies.

Program Management Group: The PMG will comprise six agencies of CACC at a senior officer level: PM&NEC, DNPM, DPM, Treasury, Finance and DPLGA; with the addition of the Office for Development of Women³⁹. The PMG will be chaired by the Director General of the CACC Secretariat and will also include the Program Director and representation from AusAID. It is the home of operational decision-making and will provide oversight of program implementation, meeting two-monthly to consider progress and approve new or changed program inputs. The PMG will be supported through secretariat services from the Program Office.

The PMG will be responsible for:

- developing and operationalising the annual Strategic Framework through approval of program activities in the four results areas;
- ensuring high quality activity proposals are approved within the agreed capacity development approach and in line with program operating principles, including the targeting of key leverage points and links in the central agency-service delivery chain, and the identification of proposals that can achieve quick wins that will establish program and government credibility;
- approving the allocation of program resources under both the Partnerships for Capacity Development and Capacity Development Fund;

³⁸ CACC will be analogous to national sector coordination mechanisms operating in other sectors.

³⁹ The newly established Office for Development of Women will be an important coordination point for gender equality within the program. The Office is temporarily housed within Department of Community Development but is expected to move to either PM&NEC or as a stand alone government entity.

- providing a forum for senior officials to consider effective approaches to increasing coordination and coherence within and between GoPNG and donor-funded activities in economic and public sector management; and
- monitoring the effectiveness of the program at an operational, or outcomes, level, with particular focus on the Partnerships for Capacity Development and gender and HIV mainstreaming approaches.

AusAID PNG Country Office: AusAID will play a key role in setting the strategic direction of the program and has responsibility for overall management and coordination of AusAID’s assistance to the economic and public sector. It will work closely with GoPNG and GoA partners and facilitate coordination between EPSP and other relevant programs – the ‘whole of aid program’ coherence. To achieve this, AusAID will employ two key positions under the program: a Public Sector Adviser located initially in AusAID’s PNG Country Office; and a Policy Coordinator (AusAID officer) co-located in the CACC Secretariat. AusAID will be a member of the EPSP PMG. It will also monitor Managing Contractor performance against its Contract and will lead the preparation of sector performance reports in accordance with AusAID’s own reporting obligations.

Public Sector Adviser: AusAID will supplement its in-house team with a full time Public Sector Adviser located initially in its PNG Country Office. (refer to Annex 7 for detailed Terms of Reference). The Adviser will work closely with AusAID, partner agencies, the Program Director and Program Office, SGP Team Leaders and external stakeholders to enable coherence across the program. The Adviser will:

- provide strategic advice to both governments on public sector management and reform and how EPSP can best support this;
- enable coherence of priorities and activities within EPSP and with the broader aid program, in particular with SGP and the Sub-National Strategy; and
- provide technical and analytical support in the implementation of EPSP and other sector-related matters.

Policy Coordinator: AusAID will maintain a seconded AusAID officer within the CACC Secretariat as the Policy Coordinator. While not dedicated to EPSP⁴⁰, this officer will have several key roles of relevance for EPSP:

- technical support to the CACC Secretariat on policy coordination and whole-of-government performance monitoring;
- liaison between GoPNG and AusAID in PNG, and Australian whole-of-government support through SGP; and
- support to the CACC in terms of its responsibilities under EPSP.

Program Office: The Managing Contractor will establish a Program Office in Port Moresby, led by a Program Director. Program Office staffing will be finalised in detail by agreement between Australia and PNG once the Managing Contractor has been selected,

⁴⁰ It is expected that the Policy Coordinator will also play a role in the SGP Secretariat housed within the CACC Secretariat, and will support the operations of the SGP Steering Committee.

but full-time resources will include a Capacity Development Specialist, Gender Specialist and M&E Specialist. Other specialist inputs will be provided in the areas of training and learning, information and communication, and HIV mainstreaming (refer to Annex 8 for detailed Terms of Reference).

The Program Office will be responsible for:

- assisting GoPNG agencies with capacity diagnostic work, including gender analysis and support for the inclusion of strength-based approaches, as the basis for developing Partnerships for Capacity Development or other smaller packages of assistance;
- selecting technical assistance under the program from local, regional, or international sources;
- technical support and advice to all program inputs (both GoA and contracted);
- implementation of a program communication and information strategy to collate and disseminate appropriate data between and across key partners and stakeholders;
- pursuing opportunities to increase GoPNG involvement in program management and operations, such as secondment opportunities and the gradual transfer of selected functions into GoPNG systems and structures;
- financial management of program funding, including the Capacity Development Fund – with the aim of transitioning financial management into GoPNG systems over the life of the program;
- performance management, monitoring and evaluation of contracted program inputs, in partnership with GoPNG agencies (i.e. all inputs not provided via SGP or twinning activities);
- supporting and facilitating the overall monitoring of EPSP by the PMG;
- reporting to PMG, CACC and AusAID;
- providing secretariat services to the PMG; and
- procurement, contracting and contract management of contracted inputs.

Program Inputs: For the purposes of formal reporting and performance management, including any instances of non-performance or misconducts, program inputs (the people and organisations who will implement the assistance provided by the program) will fall into one of two categories:

1. *Contracted inputs:* advisers, training providers, researchers etc – will report to the relevant PNG Agency Head and to the Program Director.
2. *Australian Government inputs:* SGP employees and twinning activities – will report to the relevant PNG Agency Head and to their home agency in Australia.

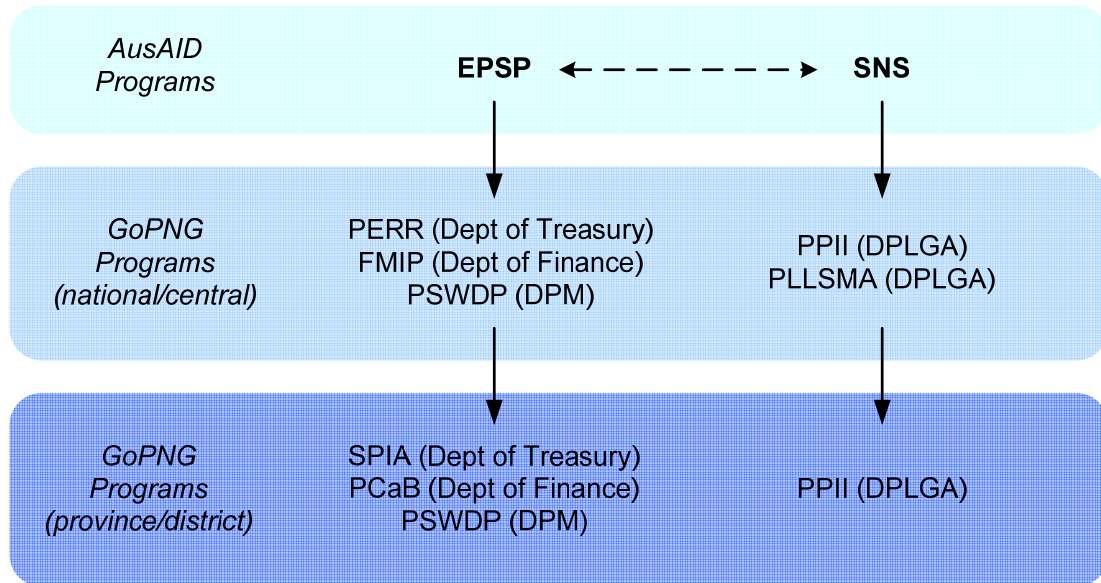
All program inputs will be monitored by the PMG and ultimately the CACC⁴¹. All terms of reference will formalise the reporting relationships.

3.2 Coordination and Coherence with Other Programs

EPSP will enable effective coordination and coherence with GoPNG programs, other donors, Australian whole-of-government support (SGP and twinning activities), and other AusAID programs. AusAID PNG and the Program Office will play a role in ensuring high level information about EPSP operations flows to these stakeholders. This will be detailed in a Information and Communication Strategy which will include regular seminars for GoPNG officials and advisers, a program newsletter with wide distribution outlining common themes and public sector developments, and wide circulation of a summarised annual Strategic Framework. In addition, these stakeholders require specific attention and practical mechanisms to achieve effective coordination and coherence.

EPSP and GoPNG programs: EPSP will be the mechanism by which Australia maintains its support for existing and future GoPNG programs for economic and public sector development including PSWDP, PERR, FMIP and PCaB (refer to Annex 4 for an overview of existing GoPNG programs). The diagram below shows how EPSP (and AusAID’s Sub-National Strategy) will be coordinated with existing GoPNG programs at the national and sub-national levels.

EPSP coordination with PNG programs at national and sub-national levels



EPSP and donor programs: In accordance with the PNG Commitment on Aid Effectiveness, EPSP will support GoPNG’s own programs of reform, as shown above. Chief amongst them is the PERR, a multi-donor process, established to assist PNG prioritise and sequence its public sector reform efforts. PERR provides a high level forum for donor coordination and is supported by the World Bank, Asian Development Bank (ADB) and AusAID. Since 2007 there has been a joint dialogue with GoPNG on

⁴¹ While the Program Director is a member of the PMG this does not imply that Australian Government inputs report to the Program Director as a representative of the Managing Contractor.

revitalising the reform agenda started under PERR and its links with wider public sector reforms. PERR also provides a possible entry point for the European Commission in the economic and public sector given its interest in moving to direct budget support in the longer term. AusAID and the United Nations Development Program (UNDP), and previously the ADB, are also jointly supporting public financial management in PNG through FMIP/PCaB.

EPSP will actively support other donors' efforts under PERR, FMIP and PCaB by ensuring joint donor recommendations contribute to the development of the annual Strategic Framework and the Partnerships for Capacity Development - the priorities areas for support under EPSP. AusAID PNG will also encourage other donors to consider the Strategic Framework and Partnerships for Capacity Development when prioritising their assistance to central agencies. In particular, AusAID will encourage agencies to use their diagnostics in dialogue with all development partners to help form a common understanding of the challenges and needs of central agencies.

Supporting GoPNG's own programs is the preferred avenue to donor coordination, rather than a more harmonised approach through EPSP itself. This is in part due to the current uncertainty as to the ongoing involvement of key development partners in the economic and public sector, including under the PERR. Opportunities for further coordination with donors, such as joint use of the management structures and processes established under EPSP, will be explored throughout the life of the program.

EPSP and Australian whole-of-government support (SGP and twinning): Following the review of ECP, GoA and GoPNG agreed to integrate future Australian whole-of-government assistance more closely with AusAID's sector programs. SGP and twinning are significant programs in the economic and public sector field and complement EPSP contracted inputs. Their unique contribution is to support the secondment of Australian Government personnel to selected PNG agencies, predominately in central agencies, and to provide opportunities for continuing dialogue and building long term institutional partnerships with counterpart agencies in Australia.

A comparative advantage of SGP is providing PNG agencies with the tested experience of high level counterpart personnel in key technical and public sector management areas, particularly when such experience is not easily available from the commercial sector. Twinning activities also provide access to counterpart personnel, but usually for shorter specific tasks related to performance improvement. Twinning also has the provision for a flexible range of support such as study visits and tailored training programs.

EPSP enables coordination and coherence with SGP and Twinning: new SGP and twinning inputs, or the extension of existing inputs, will be considered in the context of the whole envelope of EPSP assistance. While the SGP Steering Committee would determine whether SGP inputs are provided, it will make that determination based on advice from the EPSP PMG. Through this practical mechanism both governments intend to avoid the potential for inputs to be provided via SGP in conflict with, or duplication of, contracted inputs.

EPSP will strengthen the effectiveness and coordination of SGP, Twinning and program contracted inputs by integrating them in the overall Strategic Framework and within Partnerships for Capacity Development. An **Economic and Public Sector Coordination**

Group will operate in PNG and comprise AusAID (both EPSP and Sub-National Strategy), SGP Team Leaders in economic and public sector agencies, DFAT and the EPSP Program Office. As well as inputting to EPSP implementation, this group will be a regular forum to discuss economic and public sector issues and provide a formal link to SGP home agencies and whole-of-government coordination structures in Australia. In particular, SGP Team Leaders have a key role in helping to shape priorities and activities under EPSP.

The Program Office will provide technical support to SGP and twinning to enable consistency of application across the programs. This includes in the areas of capacity building, gender, training and learning, information and communication, and HIV mainstreaming.

EPSP and other AusAID programs: AusAID PNG will have a central role in coordinating EPSP with the rest of the PNG bilateral program so that assistance is targeted to improved service delivery outcomes. Key coordination points with the Sub-National Strategy will be formalised under the Public Service Schedule to the PNG-Australia Partnership for Development. However, links to the law and justice, democratic governance, health, education (including higher education), and rural development sectors are also crucial.

Practical measures by which EPSP will coordinate with other AusAID programs are:

- Establishment of an Australian whole-of-government Economic and Public Sector Coordination Group in PNG (as described above).
- Communities of practice will be established in common technical areas such as public financial management and human resource management, bringing together advisers and counterparts across sectors to share their experiences and explore opportunities to collaborate and learn from one another.
- Requests for support under EPSP will require identification of how assistance will lead to better service delivery outcomes, particularly at the sub-national level. This requirement will extend to terms of reference and contract obligations.
- Annual consultation with AusAID stakeholders across sectors will be undertaken to inform the development of the EPSP Strategic Framework.
- Learning and development resources will be available to sector programs including targeted training.

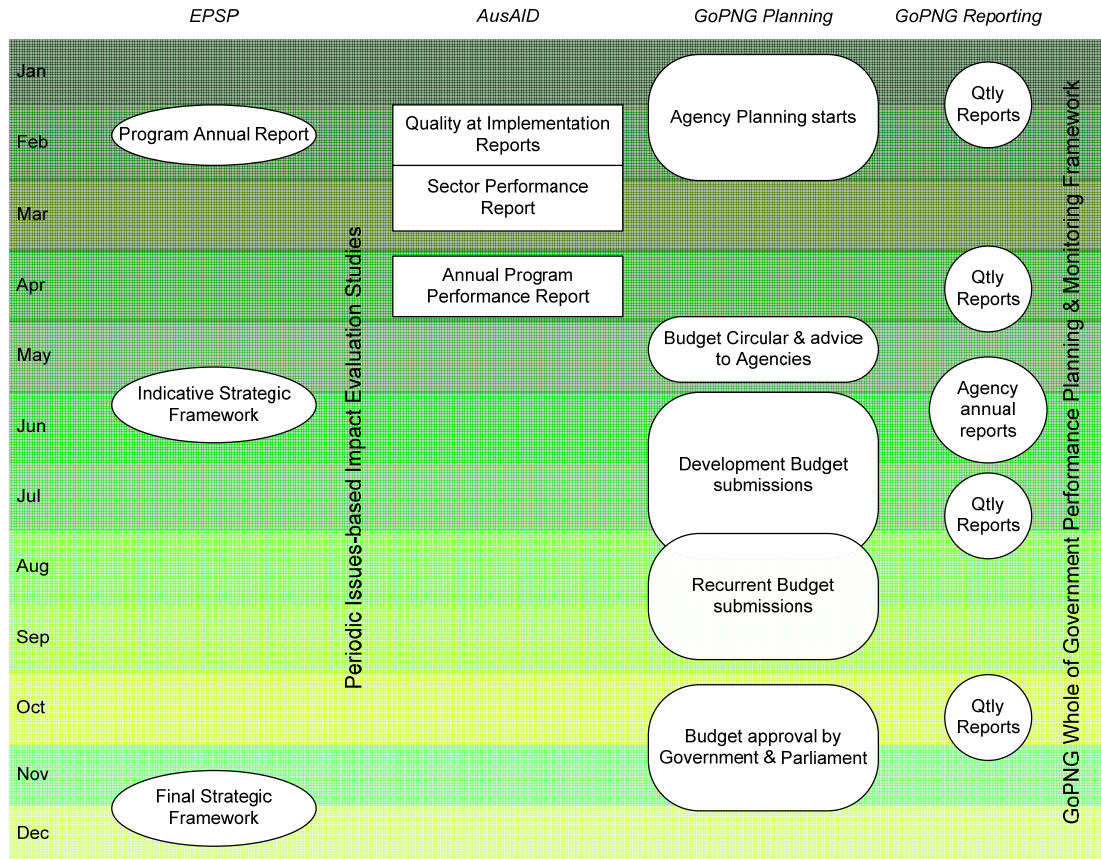
3.3 Planning and Management Processes

EPSP planning and management processes are designed to match the planning and decision-making points within GoPNG's budget and reporting cycle. They are also structured to feed into Australia's own budget and reporting processes. Three key program milestones will occur each year, marking the three points at which CACC will formally consider EPSP matters:

February Program Annual Report to CACC (drawing on all elements of the monitoring and evaluation framework)

- June Indicative Strategic Framework for CACC consideration and further consultation
- December Final Strategic Framework for CACC approval

The diagram below outlines the main EPSP planning and reporting points, aligned with GoPNG and AusAID timelines:



3.4 Using Government of PNG Systems

Consistent with the PNG Commitment on Aid Effectiveness and the PNG-Australia Partnership for Development, EPSP is designed to use PNG systems and procedures as much as possible. It will direct up to 30 per cent of program funds (the Capacity Development Fund allocation) through joint trust account arrangements on commencement, in accordance with PNG’s Public Financial (Management) Act and associated procedures and regulations. Financial reporting will be undertaken within GoPNG systems. All procurement associated with the expenditure of the Capacity Development Fund will be undertaken by GoPNG using its own systems. The program will work to increase the proportion of funds directed through these mechanisms as the systems improve and the program develops.

In recognition of the fiduciary risks, AusAID will cooperate with the Managing Contractor and GoPNG to commission annual independent audits of trust funds under EPSP, as part of the annual reporting process.

Funding for program inputs managed by the Managing Contractor will be directed to the Managing Contractor in accordance with AusAID’s contractual arrangements and in keeping with AusAID’s financial management and reporting requirements. Program inputs including technical assistance and targeted training will complement and directly support GoPNG’s own program development. As GoPNG’s capacity in procurement and contract management is strengthened over the medium-term (supported by PSWDP and human resource devolution to partner agencies), EPSP envisages progressively increasing use of GoPNG systems for the procurement of training and technical assistance inputs.

Notably, EPSP will directly support the strengthening of GoPNG’s financial management, procurement and audit systems and processes which will enhance the capacity of all development partners to increasingly use those systems and achieve improved aid effectiveness.

3.5 Monitoring and Evaluation Arrangements

M&E in EPSP serves two equally important purposes: it provides management information so program management and both governments can continually calibrate implementation to maintain progress towards results and outcomes. It also provides the basis for accountability to both parties and the citizens of both countries regarding the effectiveness of the investment in the program by both governments. It links the hierarchy of the program to PNG’s national priorities and the agreed priorities for the development cooperation program (the Development Cooperation Strategy and the PNG-Australia Partnership for Development). Periodically, the program will re-examine the theory of change underpinning the design in order to ensure it remains clear and logical.

The approach to M&E reflects both countries’ increasing commitment to managing for development results and a greater performance orientation while also investing in opportunities for learning and incorporating qualitative techniques to capture the depth and breadth of change experiences. Arrangements currently include a number of EPSP-specific monitoring mechanisms, reflecting the current limitations of GoPNG M&E systems and practices. However EPSP management will regularly review and revise arrangements in order to increasingly align with, and utilise, GoPNG processes where possible. The detailed M&E Framework, including the M&E Matrix, are provided in Annex 2.

3.6 Management of Risk

GoPNG and GoA will jointly monitor and manage risks affecting EPSP, with support from the Program Office and the Managing Contractor. Formal evaluation of risk management will be incorporated into the annual Performance Analysis and the biennial review process conducted by the Independent Monitoring Group (IMG). Analysis of information provided through sector and central agency performance monitoring and reporting systems and ongoing assessment of aid effectiveness, as set out in the M&E Framework (Annex 2), are the primary means by which this will occur. Appropriate strategies to adapt to changes in the operating environment will be developed as required, as part of the close working relationship between both governments underpinning EPSP operations. The main risks facing the EPSP and the proposed management responses are discussed in greater detail in Annex 3.

3.7 Sustainability

EPSP will be operating in a low capacity environment where the perceived imperative and urgency for change in the public sector, particularly at the political level, has faltered in light of recent economic prosperity. High expectations for the future benefits to the country from the LNG project compound this situation. Achieving positive, sustainable change will be difficult, but the long-term capacity development approach under EPSP improves the way assistance is provided, in effect, providing the greatest chance that sustainable outcomes will be achieved.

GoA has supported PNG's economic and public sector development through central and ancillary agencies, via ASF and a number of discrete initiatives over many years. These initiatives focused on improvements in the core administrative functions of various agencies as well strengthening specific technical areas and, in some cases, restoring key functions during economic stress. While they fostered a strong relationship between the Australian aid program and individual PNG agencies, a cohesive strategic framework and sustainability of outputs and outcomes remained problematic. In many cases the initiatives have failed to bridge the gap from central agency operations to those agencies responsible for delivering services. To fill that gap, EPSP will target the key budget management, HR, information and regulatory systems that enable agencies to deliver services and create the foundations for growth.

Seeking to address the issue of sustainability, EPSP is aligned with the PNG Commitment on Aid Effectiveness. Fundamental to the program's capacity building approach is the principle of PNG ownership and leadership, and a commitment to use and strengthen PNG's systems wherever possible. Although integration with PNG systems will be differentiated according to the level of capacity within particular areas, opportunities will be identified and implemented as early as possible to help enhance the likelihood of sustainability.

If extended solely under the development budget, assistance under EPSP could contribute to misalignment between development and recurrent cost financing. This, in turn, could result in uncertainty about the overall cost (and therefore affordability) of sustainable economic and public sector development, as well as service delivery by extension. These issues are exacerbated by the nature of PNG's reform agenda, including the difficulties in predicting the likely pace of change and the ultimate contribution of key agencies to sustainable service delivery in the longer term. In this context, in order to make progress in reform and to build momentum behind service delivery improvements as they emerge, EPSP support to partner agencies and stakeholders may be used to supplement recurrent budget allocations over the short to medium term.

EPSP will support systematic monitoring and analysis of expenditure trends, including public expenditure tracking and gender impact analysis, and will enable a better understanding of longer term resource needs within government. In the short term, this will support improved budget integration and coherence across the entire resource envelope, particularly regarding the relative allocation of resources across the development, supplementary and recurrent budgets. These efforts will feed into GoPNG's broader medium term fiscal strategies and public sector investment planning.

The longer term viability of achievements against PNG's economic and public sector objectives, including improved service delivery, particularly in relation to the different needs of women and men, will depend on positive relationships and collaboration within the formal sector, and between the formal and informal systems of economic development. The success of these efforts will, in turn, depend on PNG's ability to address critical overarching issues of gender equality, anti-corruption and HIV and AIDS. PNG's policy framework recognises these key challenges. By aligning EPSP directly with PNG's own objectives, and by ensuring the effectiveness of GoA's contribution to the sector's efforts is carefully monitored, it is more likely that PNG's capacity to meet its objectives with its own resources will be progressively realised. However, in the context of PNG's broader development context, particularly issues regarding population demographics and the current capacity shortage across the public service, a medium to long term development partnership will be necessary.

During the first year of the program the Program Office will lead the preparation of a Sustainability Strategy to document the expected contribution of specific approaches to sustainability, as well as the risks to sustainability and methods for managing those risks.

4 Cross-Cutting Issues

4.1 Gender Mainstreaming

All Australian development assistance should be provided in a manner that advances gender equality and empowers women, particularly through supporting country-led priorities for gender empowerment, engaging with both men and women to advance gender equality, strengthening accountability mechanisms and supporting the collection and analysis of information to increase gender equality and improve results⁴².

EPSP will adopt a gender mainstreaming approach by supporting GoPNG to consider its comparative advantage in addressing gender issues, to build strategic partnerships with external stakeholders to support their efforts, and to identify entry points using existing structures, processes and resources, wherever possible. It will work through government and non-government agencies to support strategies which address: equal participation in decision-making processes; increased representation in the public service, including at senior levels; and address family and sexual violence, particularly with regards to the impact on women in the public sector workplace. Given the predominance of men in leadership and authority positions in the public sector, EPSP will also support specific strategies to engage men and involve them as advocates for change.

All EPSP personnel will be recruited on the basis of demonstrated understanding and ability to integrate principles of gender equality and gender mainstreaming as part of their capacity building approach (refer to Annex 7), will have explicit gender mainstreaming objectives within their respective work plans, and will be provided ongoing professional development opportunities focused on issues relating to gender equality and empowerment of women. Special attention will be given to EPSP personnel working in the areas of gender violence and gender advocacy, as this work is typically socially and emotionally demanding. The EPSP Program Office will also be required to put in place clear workplace

⁴² *Gender equality in Australia's aid program – why and how*, 2007

policies, codes of conduct and protocols regarding gender equality issues, including gender discrimination and harassment.

EPSP will provide substantial and practically-focused gender expertise as a critical capacity building resource. The Program Office will include a Gender Specialist that will bring specific skills and expertise in relation to gender equality and gender mainstreaming in the public sector, drawing on key research and analysis⁴³. GoA - GoPNG policy dialogue will support these efforts by providing an avenue for high level discussion of progress in implementing its Gender Strategy.

Given the significant causal relationship between gender inequality and HIV vulnerability, including through high rates of violence against women and sexual assault, EPSP support to GoPNG's efforts to address gender inequality and gender-based violence will be provided in close collaboration with support for HIV mainstreaming across the program.

Gender mainstreaming activities to be supported by EPSP may include:

- Gender analysis of current policies and procedures (such as recruitment and promotion processes, and tax incidence) and how they impact on gender equality.
- Gender-disaggregated public expenditure incidence analysis: evaluates the distribution of budget resources amongst women and men, boys and girls.
- Gender-disaggregated beneficiary assessment: evaluates the extent to which programs and services are meeting the needs of female and male beneficiaries.
- Encouraging greater public (women and civil society) participation in the budget process.
- Analysing and determining the impact of employment opportunities for women and men relative to pay levels within the private and public sectors, and considering the demand for part-time work.
- Strengthening and encouraging women's role in private sector development by supporting the development and implementation of policies, strategies and activities by government and the non-government sectors.
- Developing concrete gender specific indicators and targets for monitoring the progress on gender-equity benefits. These could be related to progress on the UNDP HDI, GDI and GEM ratings and indexes.

During the first year of implementation the Program Office will lead the development of a Gender Strategy that documents the specific approaches and actions the program will implement to advance gender equality and empower women in the public service.

⁴³ This will include the PNG Program's Gender Mainstreaming Framework and the AusAID Office for Development Effectiveness report *Violence Against Women in Melanesia and East Timor: A Review of International Lessons* (2008). Strategic guidance will also be provided by the AusAID PNG Gender Adviser while that role continues.

4.2 HIV Mainstreaming

The PNG Australia Development Cooperation Strategy recognises HIV and AIDS as one of the four key pillars of the aid program, reflecting the significance of the epidemic for PNG's development. Already an estimated 2 per cent of the population is infected, with far higher levels in some provinces. Given this, EPSP will mainstream HIV and AIDS through all assistance, in light of the very real economic and social impact the disease can have:- by reducing workforce productivity; increasing dependency ratios, and increasing the strain on health services.

EPSP has specific strategies to mainstream HIV:

- Support GoPNG to assess and account for the impact of HIV on both demand and supply of the public sector workforce. Proxy indicators such as early deaths, increased morbidity on the supply side, matched with unmet need from the supply side, will help to provide a profile for more effective planning.
- Enable implementation of the existing policy and legislative frameworks which promote non discrimination of people with HIV in the workplace so they contribute to the national response to HIV.
- Improve resource and related information flow from the centre to sub-national levels of government. Current inefficiencies in government operations and the collection of disaggregated data are constraining PNG's response to HIV and AIDS.
- Maximize the role of the private sector in responding to HIV through revised regulatory frameworks

The Program Office will include specialist inputs in HIV mainstreaming that will support the response across the program, including in the design of capacity development activities and in the specification of performance indicators. Practical measures in program implementation will include providing HIV briefings to all program implementers, and providing access to resources and ongoing advice to implementers and their counterparts. The HIV mainstreaming specialist inputs will also be the nexus for coordination with other GoPNG and AusAID programs.

4.3 Anti-Corruption

GoPNG has ratified the United Nations Convention Against Corruption (UNCAC), endorsed the ADB-OECD Asia Pacific Anti-Corruption Action Plan, and is an observer at the Asia-Pacific Group on Money Laundering. In addition, GoPNG is a signatory to the Pacific Plan which has an explicit anti-corruption focus. These global and regional instruments help provide a framework to which domestic anti-corruption reform in PNG may be linked.

The MTDS currently contains explicit anti-corruption objectives and indicators under its Governance section. A NEC decision of April 2006 led to the commissioning of a National Anti-Corruption and Good Governance Strategy. EPSP will actively support GoPNG's own strategy following its release. In March 2007 the NEC also approved a White Paper on Law and Justice (PNG's White Paper) which includes a particular focus on fraud and corruption, identifying strategies for a strengthened State Solicitor's Office,

increased resources to the Ombudsman Commission and improved coordination between the police, the Ombudsman Commission and the Public Prosecutor.

EPSP's response to corruption is consistent with GoA's anti-corruption for development policy, *Tackling Corruption for Growth and Development*, and the PNG aid program's Anti-Corruption Plan 2007-2010. Primarily, EPSP will follow up on audit reports and support capacity building efforts across central agencies, including in the areas of public financial management, procurement and audit. In particular, EPSP will provide dedicated and practically-focused expertise in the areas of financial management systems and processes, internal and external audit, record-keeping and accountability, and performance management, monitoring and reporting.

EPSP will work closely with government agencies by focusing on improved transparency, and broader and more equitable participation in government's planning and budget processes. EPSP will complement and work proactively with other donor programs and activities that are supporting demand-side functions of central and sub-national levels of government and communities.

EPSP will support stronger, externally driven demand for performance information and accountability in and across government by proactively developing, implementing and managing a variety of information, data and communication initiatives. EPSP will assist with the provision of cohesive and disaggregated data to client groups (within and outside of government) so they are better informed and able to monitor and demand better and more equitable service delivery outcomes. This work will be done in close cooperation with government and non-government organisations.

Annex 1 – Technical Analysis

The National Development Summit on 18 November, 2008 stated clearly that services had not reached the majority of people despite extensive bureaucratic and political structures and increased aggregate resources. It also noted that, despite the enactment of the Organic Law on Provincial and Local Level Governments in 1995, which was explicitly aimed at reducing the mismanagement and misuse of funds and ensuring service delivery at local level, the majority of Papua New Guineans do not enjoy either quality or access to basic services. They stated further that the Public Service is ineffective and inefficient in delivering services.

The reasons have been thoroughly explored, including through the joint donor (World Bank, ADB, AusAID) Public Expenditure Review and Rationalisation Report (PERR) in 2003 and continuing empirical analysis, recommendations and policy dialogue by joint donors within the PERR framework since then.

The reasons for the gap between aspirations and delivery can be summarised as follows:

- Uneven leadership, management, policy coordination and follow-up; weak organisational culture.
- Frequent “spill and fill” restructuring, damaging the development of cohesive professional public service structures and undermining the establishment of merit-based recruitment and promotion.
- Mismatch between functions assigned and resources allocated to discharge them (this is a particularly important issue at sub-national levels).
- A strong emphasis on planning that is not matched by an equally strong focus on implementation, and inattention to lessons learned from previous unimplemented plans.
- Lack of coordination between recurrent, development and “windfall”⁴⁴ budgets, resulting in projects that cannot be equipped, staffed or maintained, and services that cannot be delivered for lack of recurrent funding for operations, supplies and maintenance.
- Unconstrained expenditure on payroll and the widespread use of the goods and services (operations and maintenance) budget to employ casuals, which results in misallocation of resources and means that funds are not available for services.⁴⁵
- Weaknesses in procurement, including large-scale avoidance of competitive procurement.
- Unreliable access to information within government and between levels of government, creating inefficiency and delays, and undermining the development of evidence-based policy.

⁴⁴ Surplus revenue from the commodity price boom stored off-budget in Trust Accounts.

⁴⁵ NEFC findings show that, at provincial level, 200% of what is needed is spent on administration. Corresponding figures for health and infrastructure maintenance are 19% and 22%. Cited in “Service Delivery Mechanism” presentation to the forum on the National Strategic Plan 2010-2050, 18 Nov, 2008.

- Limited access to information for men and women in the community that would enable them to know what was being done in their name, and what projects and services were planned and delivered; a consequent widespread lack of understanding that government is there to provide services, and inability to hold governments to account.
- Low participation of women in the public sector related to discrimination and violence in the workplace, and under-representation on political, consultative and other bodies. Evidence shows that women are more likely to distribute resources for the benefit of the community as a whole.
- Weak financial, governance and regulatory frameworks for statutory authorities which result in high contingent liabilities, enable them to drain talented staff from the mainstream public sector, concentrate economic power, distort openness in economic management and undermine competition in the economy.
- Weak links in accountability frameworks, and lack of follow-up on the findings of external audit and the PAC.

The features summarised above lie at the heart of the inability to deliver services despite abundant resources. Before support can be mobilised to good effect, it will be important to understand the precise ways in which they operate in different agency contexts. The first step in the implementation of the program will therefore be a joint diagnostic of the links in the chain between central agencies and ultimate service delivery agencies. It will focus on the policy, financial management, organisational and human resource weaknesses summarised above. The diagnostic will include the difficulties caused by mismatch between functions and resources, lack of information and poor communication, and the barriers to equality of outcomes for both women and men. The diagnostic will distinguish between system-wide issues affecting an agency, and issues that are specific to the agency. An assessment of the availability of key information and of communication pathways will also be made. Based on this system-wide diagnostic, EPSP will assist partner agencies to establish responses, detailed sequenced action plans, timetables and benchmarks that will be useful for staff as well as to monitor program effectiveness.

The aim will be to ensure that the early stages of support under the program are directed to agencies that can deploy them well, share lessons learned, and achieve quick wins that will be evident to service recipients as well as the public as a whole. This should help to earn legitimacy for the program and stimulate interest in it from the public, business sector, and other agencies.

In parallel, there will be a focus on key central systems that hinder agency service delivery, working for instance with DNPM and Treasury on the lack of coordination between development and recurrent budgets, with DPM to introduce constraints on “spill and fill”, and with Treasury and Finance to halt unconstrained expenditure on payroll at the expense of service delivery.

On the basis of currently available analysis, and before specific diagnostics are launched, an indicative set of implementation priorities is set out below. It is recognised that EPSP cannot address all these priorities, nor will they necessarily match the priorities of GoPNG.

1. A more skilled and effective public sector workforce

Central coordination

Early priorities would be to strengthen PM&NEC coordination through assistance to NEC Secretariat, CACC Secretariat and central agencies, with specific reference to their ability to:

- Develop/strengthen criteria for examination of Cabinet submissions (e.g. relevant policy framework, explanation of financial, environmental etc implications; time period that submission relates to; other departments or agencies involved);
- Strengthen capacity of central agencies to check agency submissions for conformity with the criteria and enable feedback to be given; and
- Distribute NEC minutes publicly or issues press releases with essential details.

A further stage would be to:

- Strengthen the capacity of line agencies, provinces, districts and Local Level Governments (LLGs) to prepare NEC submissions according to the criteria developed; and
- Strengthen the capacity of the PM&NEC and CACC Secretariats to analyse policy options and brief ministers accordingly.

Leadership, management, organizational culture

It is essential to work with agency leaders and managers as they are critical in shaping organisational culture and producing results. Managers can create a sense of direction, set benchmarks for performance, support team-building and information-sharing, and motivate and recognise staff achievement. Given the wide disparity in leadership and management talent throughout the public service, it should be an early priority to identify agencies that are doing well in which to work with departmental heads and clarify lessons to be learned from their effectiveness.

This would enable a template to be created of key dimensions of managerial and agency effectiveness that will provide input into the diagnostics being used. A template of good practice for management, delegation, supervision and accountability should also be developed based on clear assignment of responsibilities and tasks, with defined delegation and reporting-back arrangements down the line. There is a need to resist the latest international management fashions and base the approach on good fit with the context and good practice in PNG.

In a further stage, managers would work through organisational objectives and work unit responsibilities with staff at the work unit level, including establishing simple benchmarks for assessing performance and delivery and relating codes of conduct in a practical way to the workplace. Results achieved in the first set of agencies could be used to create a demonstration effect and widen the effort. Surveys should be considered to enable service users, taxpayers and the private sector to give feedback on levels of service and results achieved.

In parallel, work should start with DPM on its post-devolution responsibilities, with a focus on policy issues including (as the immediate highest priority) specifying limits on “spill and fill” restructuring, together with developing criteria for senior appointments, and

procedures for merit recruitment and promotion on a somewhat longer timescale. Work on this would ideally start in the first year but would be likely to take longer to develop, test, and discuss broadly so as to gain understanding and ownership.

Efforts should to be made with agencies that are interested in program support to enforce administrative standards and sanctions, and refer criminal cases to the courts where appropriate. This should not be initiated across the board in a first stage, but only in agencies that are committed to raising performance and/or those in which civil society and the business sector take an interest and could be mobilized in parallel, thus reinforcing the incentives on staff to perform. Lessons learned will be valuable, including on the desirable balance to strike between positive incentives such as recognition and workplace training, and negative sanctions such as reprimands, administrative sanctions or dismissal, and criminal charges.

Much of the above would need to be supported by appropriate, workplace-related, targeted training. To ensure maximum benefits, managers would need guidance on how to put such training into an incentive framework and use it to build a professional service. This could be done by (i) encouraging the work unit to discuss and identify deficiencies in workplace skills that undermine performance, (ii) selecting groups or individuals for training on the understanding that better performance will be expected post-training, and (iii) insisting that the training is applied and maintained over time and that the group or individual is more productive on return. Capability for teamwork, information sharing and effective records management and retrieval will need to be part of this process. Emphasis on the capability of the group or team rather than the individual will improve the chances of building professional peer groups and broader institutional strength over time, rather than creating isolated skilled individuals who no longer fit the prevailing organisational culture.

2. There is improved use and management of public financial resources

Budgets to strengthen service delivery

At present, over-expenditure on salaries and wages is sucking resources from operations and maintenance budgets (goods and services) and disabling development projects. This is one of the most significant reasons that services have declined - and have collapsed in some areas - and continue to decline despite the abundance of resources available. An early priority should therefore be to rein in expenditure on wages and salaries that is above appropriated amounts, with particular attention to the provincial level. It would be important to work with the Departments of Treasury and Finance so that warrants are not released for payroll expenditures that exceed appropriation. It may be necessary to reach this target in stages so as to give managers timely warning to rationalise staffing levels, with attention to the skills actually needed in order to deliver services and severely cut back the burgeoning recruitment of casuals who may not be suitably qualified. A particular focus would be warranted on over-staffing in administrative functions as opposed to staffing and resources needed for service delivery.

Second, an immediate focus on supporting the productive use of the DSIP grants (10 million kina per district) is recommended. As districts are not equipped for project planning, implementation, or financial reporting, it would be important to bring in support for them in the near term, enable consultation on priorities, identify where project or

service complexity warrants technical support for design and implementation, and set up simple systems to track expenditure.

Third, immediate attention to rebuilding implementation capacity for maintenance is warranted. This could entail support for key agencies such as Works, Education and Health to restore or upgrade their operational capacity to carry out maintenance, with a prime focus on roads in the first year. It would be helpful to consult with communities on priorities, and set and communicate performance benchmarks so that early wins can be recognised and publicised.

A large proportion of government expenditure goes through procurement contracts, so a fourth priority would be to strengthen procurement transparency, competitiveness and efficiency at all levels of the administration. For sustained results, the program would need to support stronger management, improved financial and procurement reporting, widespread dissemination of standardised bidding documents, clear criteria for bid evaluation and contract awards, and timely project execution and monitoring. Reinforcing CSTB oversight, it would be helpful to support business and civil society scrutiny of procurement decisions. Given the dearth of fully-trained procurement officers, there would need to be a large training effort, with PNG-specific modules developed with the CSTB and TRG, but training alone is unlikely to produce results without a stronger management and incentive framework around the procurement process.

Working through and with the PPII program, EPSP should assist provinces to work within unified budgets and to plan and prepare budget submissions accordingly. EPSP would also assist line agencies to prepare budget submissions within assigned ceilings.

In parallel, it would be a high priority to begin the task of clarifying functional responsibilities at different levels of government (with responsibility for rural and feeder roads a first priority) so that staff and budgets can be allocated accordingly in further stages. This would be a long-term task but needs to be started as soon as possible. Cooperation and advice from NEFC will be central to success.

Subsequent steps would include:

- Formulate and cost service delivery objectives within a macro-fiscal framework – build on that to restore Medium-Term Resource Framework;
- Assist agencies with unit cost analysis and focus on a better mix of inputs and cost control to justify budget submissions (including reducing administrative costs and staff);
- Assess capacity of district and LLG governments to prepare budgets, implement, and account for activities; and
- Align budgets (see next item).

Closer links between development, recurrent and windfall budgets

An early priority would be to support more effective project preparation in DNPM, line agencies and provinces. This would include identification of preparation, implementation and maintenance requirements and costs at all stages: design phase (consultation, planning, engineering, technical specifications); land and water rights (if needed); procurement; project execution and inspection; staffing, equipment and supplies; debt service (if any) and

maintenance. This would enable the full project cycle to be supported and appropriate recurrent as well as development funds to be budgeted over the period of the project's life. It would be important to foreshadow expenditure needed in future years for the purposes of budget planning, and, where windfall (off-budget) or other trust account funds will be used to fund investment costs, to ensure that the project is supported in future years through the mainstream budget. Considerable management commitment and technical expertise would be needed to make this a reality, as well as cooperation from and between central agencies.

To support the identification and inclusion of the costs of the full project cycle, communications between Treasury and DNPM are critical in order to (i) ensure recurrent budgets reflect requirements of projects approved; (ii) drop or postpone projects that cannot be delivered without more recurrent financing than is available/allowed under the Medium-Term Fiscal Strategy. This would mean approved projects can be delivered effectively and would avoid waste of money on projects that will not be viable.

Subsequent steps would include:

- Building on the first stage, the next step would be to set joint or unified annual development and recurrent budget envelopes for line agency and for sub-national budgets, and prepare and evaluate budget submissions within that framework. This will require substantial support from Treasury to line and sub-national agencies.
- A further step would be to set out project and service delivery requirements within a multi-year framework defined by macro-fiscal policy and then move in stages to a full MTEF.

3. Government is more informed, transparent and accountable

Comprehensive, transparent and accountable budgets

An early priority would be to build on the public consultation in budget preparation that was tentatively started a few years ago, extend it to sub-national levels so that women's voices are heard at all levels. Research shows that including adequate representation of women in consultations results in better quality and better targeted services for the community as a whole. As a follow-up, it would be important to explain publicly how final budgets relate to the recommendations and proposals received, what choices were made and why, the deviations of FBO outturns from budgets as appropriated, and to invite public feedback on budget performance.

At the same time, and complementary with the above, a high priority would be to put systems in place for key information that central agencies can supply to the public, after consultations with CIMC, Transparency International, and other grassroots NGOs to identify priority information. This information would need to be in user-friendly form, easily accessible, and disaggregated by district and by sector. It would include regular publication of warrant releases; announcements at local levels of development projects, maintenance and services that they can expect to see, and expected dates, for all three budgets (plan, recurrent, windfall). In parallel, provinces would need support to publish budget plans and outturns based on integrated budgets and disaggregated by sector and type of service. In further steps, benchmarks and timelines for delivery of services and

information flows would be established to give public servants targets to work towards and to enable monitoring and feedback from the public.

Support for improved information flows that would help efficiency and transparency within and between levels of government administration is also a high priority. This would include prompt information on warrant releases to provincial budget officers, administrators and program managers (by fax, telephone, email or radio depending on communications difficulties); transmission of information to provinces on budget appropriations to line agencies; assistance to provinces in publishing simple presentations, e.g. in Excel, of total budgets including own revenue and central transfers (700 and 200 series)

Budget comprehensiveness as well as transparency would be assisted by supporting the Department of Finance and other agencies to minimise the use of trust accounts, increase transparency in decision-making and access to trust accounts, and ensure that transactions data as well as budget balances are produced for all trust accounts. Adequate numbers of well-managed and trained staff would be needed to support these improvements in performance and ensure prompt trust account reconciliations.

Budget transparency would also be supported by regular public reporting and press releases under the Fiscal Responsibility Act, and timely updating of the Treasury website.

Subsequent steps would include:

- Development of greater ownership of IFMS among potential users both inside and beyond DoF, and ensuring that the IFMS has the capacity to produce tables disaggregated by sector and locality, for both plan and actuals, for development, recurrent and windfall budgets. Similarly support would be needed to enable DPM to produce information for both internal and public use on public sector workforce disaggregated by (i) regular staff versus casuals; (ii) numbers employed under goods and services budget; (iii) numbers at different grade levels; (iv) occupational categories and skill levels; with all categories broken down by geographic location and gender.
- Early attention to adherence to the Public Financial Management Act (PFMA) in relevant statutory authorities (SAs) is also a priority. Considerable Government commitment and program support would be needed to enable SAs to adopt transparent financial management and reporting including on gross revenues, expenditures, and debt.
- Accountability can be supported by an immediate tightening up on reports required from all levels of government and all types of agency (including SAs), investigating the reasons for slow or absent reporting, and, in a further stage, ensuring the compatibility of reporting formats and technology. Reporting as well as other communications would be assisted by improvements in and extensions of telephone, fax and email services throughout the country. Planning for adequate communications facilities throughout the country should start in the first year.
- A further support for accountability would be achieved by using audit reports as mini-diagnostics of operational weakness and malfeasance and then supporting managers to follow up in order to find and remedy the causes of poor performance.

In some cases, fragmentary or absent account and record-keeping would prevent any meaningful accountability, and it would be important to allocate program resources to building more effective records management and retrieval, and identifying areas where this is most needed.

External audit and the PAC

The OAG has made notable progress in eliminating the audit backlog and preparing timely audit reports, but their impact has been diminished by lack of prompt tabling and thorough discussion in Parliament. Follow-up by government agencies and, where appropriate, prosecution, in response to the findings of external audits and the PAC has also been limited. It would be important for the EPSP to collaborate with other relevant programs on ways to tackle these weaknesses in the cycle of accountability and support follow-up on findings within government. In parallel, it would be useful to enable publication of summary audit findings and to support monitoring and analysis by civil society organisations.

4. Policy, regulatory and institutional settings are more supportive of sustainable broad-based growth

An early and urgent priority would be to support analysis within government of the macroeconomic impacts of the global financial crisis. A further urgent priority would be to analyse the impact of the LNG project on the macroeconomy and sectors such as transport, housing, social services, migration (both internal and external), and public investment in infrastructure, and to plan and implement a facilitation and mitigation strategy that would lessen the chances of inflation and destabilisation of the real economy and the regions. Following on from that, it would be equally important to work out how to safeguard revenues and plan for carefully staged expenditures, in order to minimise inflationary and exchange rate pressures and avoid wasteful spending. This could include consideration of off-shore placements of funds (e.g. with the Bank of International Settlements), with a focus on low risk and security of returns. In parallel, support would be needed to develop a prudent government investment policy, having regard to avoiding conflict of interest with the state's role as a regulator, and giving priority to investing in the sustainability of broad-based growth and services.

Support for macro-fiscal sustainability on a broad front is also a high priority for the first and following years of the program. This would entail support in strengthening tax and customs policy, services, and compliance, and developing and adhering to the Medium-Term Fiscal and Debt Strategies, with continuing debt repayment so that PNG is well positioned when the current boom fades. While expenditure from the Supplementary (windfall) Budgets must be constrained over time in order to avoid inflationary pressure, it is also important to ensure that amounts released each year do contribute to sustainable development. Support is likely to be needed to dovetail windfall expenditures with the priorities and project planning established under the mainstream budget and to ensure that there is sufficient recurrent funding associated with windfall investments to maintain assets in future.

A focus on timely and transparent implementation of the National Agriculture Development Plan, National Television Service and the recommendations of the National Land Report is a high priority also for initial and subsequent years and would open up

economic opportunity in the rural areas. It would be particularly important to support women farmers and entrepreneurs by helping them establish rights to land and access to finance. Supporting the construction of informal-sector market facilities at local levels would also aid local entrepreneurship especially of women.

Another important area for women is entitlement to royalties from mineral resource and forestry revenues, so that they can be ploughed back into the local community and businesses. Here, the program could support women in relevant regions, and also cooperate with the Extractive Industries Transparency Initiative (EITI) which the Government has indicated it would adopt in order to achieve greater transparency in the distribution of resource-related payments and revenues at all levels.

An early win could be achieved by supporting the Department of Labour and industrial Relations in restoring its labour market information service including the technology and information-gathering capability needed to maintain it. Information on employment, unemployment, vacancies and skill deficits is important for macroeconomic analysis, business, and labour market participants alike.

Support for the economic environment would also include a review of the existing structure of regulation and the ways in which regulations are enforced. This could be reinforced by commissioning surveys to assess private sector views on priorities for action. The “Doing Business” Survey of PNG would also be a useful source in informing program support for the investment climate. After this diagnostic stage, support would be needed to help the relevant agencies simplify and clarify regulations, remove enforcement abuses, and move towards an efficient and orderly regulatory environment. Tackling the deterrent effects of violent crime and insecurity would require cooperation with other programs.

In a further stage, the program would support an in-depth review of a number of state-owned enterprises and statutory authorities/SOEs whose functioning has important implications for the good management of the economy and the natural resource sectors (the diagnostic developed under the PERR could be used), with follow-up support to strengthen corporate governance, improve management, strengthen financial compliance and enable regular SA and corporate reporting.

Annex 2 – Monitoring and Evaluation Framework

Monitoring and evaluation (M&E) in EPSP serves two equally important purposes: it provides management information so program management and both governments can continually calibrate implementation to maintain progress towards results and outcomes, and to achieve the greatest impact. It also provides the basis for accountability to both parties and the citizens of both countries regarding the effectiveness of the investment in the program by both governments. In other words, the M&E arrangements ultimately seek to answer two overarching questions:

1. Is the program being implemented as planned? and
2. Is the program having the intended positive effect (and not causing unintended negative effects)?

M&E will provide management information to the Program Office and the Program Management Group to ensure the program is heading in the right direction; it will generate performance data for reporting on EPSP performance to the governments of PNG and Australia; and it links the hierarchy of the program to PNG's national priorities and the agreed priorities for the development cooperation program (the PNG-Australia Partnership for Development). The approach to M&E reflects both countries' increasing commitment to managing for development results and a greater performance orientation.

EPSP is a long-term, flexible and responsive program that will work to support capacity development and improved service delivery across a range of agencies and functions, within an annually-updated Strategic Framework. Therefore, while the results framework provides the strategic focus for the program, it is not possible to provide a highly detailed set of performance indicators by which to monitor and assess the achievements of the program. Further, because progress towards the results and outcomes will be influenced by a range of factors – only one of which will be the support and cooperation through EPSP – a simple set of performance indicators would be insufficient on its own as a foundation for performance assessment.

Therefore, EPSP takes a mixed-methods approach to M&E, recognising that improved capacity should be reflected in the development outcomes sought by the program, as articulated in the results framework. The EPSP M&E approach retains a focus on the desired development results. This reflects the reality that both governments are accountable to their citizens for practical and visible improvements in PNG's economic and public sector operations. But it also incorporates elements of the systems approach to monitoring capacity development, in light of international thinking about new ways to monitor capacity development⁴⁶. This approach recognises that there are many stakeholders in government effectiveness and their perspectives on 'capacity' must be incorporated in monitoring public sector capacity development. There is a high degree of interconnectedness in the public sector that influences the outcomes of capacity development efforts. It also acknowledges

⁴⁶ D. Watson, "Monitoring and evaluation of capacity and capacity development" European Centre for Development Policy Management, *Discussion Paper 58B*, April 2006; J.Dart & R.Davies, "A dialogical story-based evaluation tool: the most significant change technique", *American Journal of Evaluation* 24(2), 2003; P.Engel, K.Keijzer & T.Land, "A Balanced Approach to Monitoring and Evaluating Capacity and Performance" Discussion Paper 58E, European Centre for Development Policy Management, December 2007.

that *feedback* on change – not just *measurement* – is critical. Further, the multi-stakeholder approach reflected in EPSP M&E arrangements can lead into valuable opportunities for organisational learning and can link to strategic planning in a cycle of learning, reflection and planning.

The M&E arrangements for EPSP include elements of a research-based approach and the incorporation of the principles of contributions analysis⁴⁷, in order to deepen the consideration of what the program achieves. The results framework provides the higher-order elements of the design; specific activities, or packages of activities (including Partnerships for Capacity Development) will specify their own intended outcomes against which they will be monitored. Within this, individual advisers or other service providers will be monitored against assignment-specific indicators.

There has been a commitment by GoPNG to develop a whole-of-government Performance Planning and Monitoring Framework (PPMF). The PPMF will be a principal tool for monitoring public service performance. Once implemented, it will frame GoPNG's performance monitoring and the progress of specific outcomes and outputs that government agencies are expected to deliver on an annual basis. EPSP could support the further development of PPMF if asked, and ultimately the M&E arrangements for EPSP will be adjusted to align closely with the indicators and reporting requirements for GoPNG as a whole. Further, the regular review and adjustment of the M&E arrangements for EPSP will consider the extent to which program-specific M&E activities can be scaled back to increasingly use improving GoPNG systems while retaining sufficient monitoring and management for program quality.

Features of the M&E arrangements:

- mix of quantitative and qualitative indicators and a range of evaluation methodologies (a 'mixed-methods' approach), including participatory methods that bring in both men and women;
- a combination of indicators of progress and success, and qualitative approaches to monitoring capacity development;
- maximum use of, and thereby strengthening of, GoPNG monitoring and reporting systems, and support for greater GoPNG analysis of data, including gender analysis;
- commitment to sex and other disaggregation in data to the greatest extent possible;
- integration of program reporting with the reporting cycles of GoPNG and AusAID;
- inclusion of resources to support a responsive program of issues-based evaluation studies;
- support agency performance planning as an integral part of budget processes;

⁴⁷ John Mayne, "Assessing Attribution through Contribution Analysis: Using Performance Measures Sensibly", Office of the Auditor-General of Canada, June 1999; Kotvojs, F. & Shrimpton, B, "Contribution Analysis – A new approach to evaluation in international development", The Evaluation Journal of Australasia, 2007

- full-time M&E professional resources to support GoPNG and EPSP performance assessment and reporting; and
- the use of the EPSP Capacity Diagnostic as both a planning and a monitoring tool.

Levels of Analysis

The M&E arrangements operate at four levels of analysis:

Results: Achieving the targeted results is not wholly within the scope of EPSP, but its efforts are intended to make a substantial contribution to achieving them. Other GoPNG programs, and the support of AusAID and other donors will also contribute to these results, and their achievement will also be influenced by exogenous factors. Therefore, results indicators are national and generally third-party (i.e. not specific to the EPSP), and the M&E arrangements provide the basis for assessing program contributions. Results have a 10 year timeframe and as such performance will be assessed over that timeframe.

Program Outcomes: Outcomes will in many cases require some additional customised data collection and/or analysis to provide indicators of progress; plus research questions. The M&E Specialist will support others (ideally mainly in government) to do some data collection, but will also facilitate data collection and analysis. Customised data collection will be tailored to meet GoPNG or public needs as much as, if not more than, program needs. Outcomes have a 5-year timeframe so will be monitored over that timeframe.

Activity Outcomes: These will be specified for each Partnership for Capacity Development, or other activities. Because the details of these will be progressively developed over the life of EPSP the M&E framework does not include indicators at activity level. However, activities will be designed and specified so that achievement of Activity Outcomes will contribute, through the program logic, to the achievement of Program Outcomes and Results. It will be a core requirement of all new EPSP activities that they clearly articulate their intended outcomes, and the program M&E Specialist will be available to assist with this where necessary.

Inputs: Program inputs will be monitored throughout program implementation in order to provide program management and both the Governments of Australia and PNG with data, including on resource utilisation and cost. While inputs monitoring is of little value in determining a program's effectiveness, there will remain a need – especially in a large program such as this – to be able to report the extent of use of the various modes of support, the relative costs of different inputs, and the range of sources for procurement. Input data is also essential for reporting selected indicators agreed in the PNG-Australia Partnership for Development. The Managing Contractor will develop and maintain a program database to house these data and produce a range of utilisation reports as necessary. If possible the program database will be integrated with existing GoPNG systems although it is understood that these have limited capacity at this stage.

Facilitated Performance Analysis

This process is the centrepiece of linking the *evidence of change* to an assessment of *program performance*, with a particular focus on the Outcome level where change is expected to be evident sooner than at the Results level. It will be undertaken in November/December so it feeds directly into the finalisation of the Strategic Framework for the coming year, and to

feed into the AusAID performance reporting cycle which commences in February each year.

The M&E Specialist will facilitate structured Contribution Dialogue as a basis for the contribution analysis, bringing together all the evidence on changes in the areas of EPSP work with information about other GoPNG, AusAID and donor programs also operating in those areas. The goal of the Discussions is to reach consensus about the extent of the contribution made by EPSP to the perceived changes. As such, the participants in the Contribution Dialogue meetings are crucial. The group should bring together a comprehensive range of perspectives from AusAID, GoPNG and other Australian Government Agencies, as well as civil society.

The M&E Specialist will further develop the methodology for the Facilitated Performance Analysis, including the annual program of Contribution Dialogue meetings⁴⁸. They will be structured around each Partnership for Capacity Development, or another grouping of inputs, depending on the logical links between activities within the program. For example, it may be most appropriate to structure a Contribution Dialogue around the package of assistance to a single department; alternatively there may be more value in discussing assistance across agencies in a common, inter-related technical area.

The Contribution Dialogue meetings will explore a set of key questions around the agreed intended outcomes:

1. What were the changes you expected to see over the last year, as a result of EPSP support?
2. Did those changes occur?
3. How changes were experienced differently by men and women and what is the significance of any differences?
4. What evidence exists to confirm those changes?
5. What else (other than EPSP support) might have influenced those changes?
6. Would those changes have occurred without EPSP assistance?
7. What other changes – for better or worse – occurred as a result of EPSP support?
8. If the expected changes did not occur, why not?
9. Where no positive changes occurred, would the situation have been worse in the absence of EPSP support?

The discussions will also include a forward-looking element, in order to reflect on the conclusions reached about performance and feed into planning for the coming year:

10. What should the focus be in future, in order to achieve the desired changes?
11. Should the target outcomes be changed for the future?

The Contribution Dialogue is, as designed, specific to EPSP. This reflects both the weaknesses in PNG's own M&E systems and practices, as well as the requirement for

⁴⁸ The Contribution Dialogue meetings could be considered as incorporating elements of the Participatory Performance Story Reporting “Summit Workshops” – see www.clearhorizon.com.au

AusAID to demonstrate the results of its assistance, and the need for a structured approach to analysing performance information as the basis for EPSP management decisions. In light of international commitments to increasingly support and use GoPNG systems⁴⁹, including for M&E, EPSP management will regularly review and revise the approach to the Contribution Dialogue – and in fact to the entire M&E system – in order to identify and implement opportunities to achieve greater integration of EPSP with PNG systems.

Biennial Program Effectiveness Review

The program will be subject to a biennial independent evaluation in the form of a Program Effectiveness Review. Undertaken every two years these evaluations – a mix of formative and summative evaluation of program progress and outcomes – will be key points of review as shown in the diagram below. The second of these, at the end of Year 4, will be a **Mid-Term Review (Independent Progress Report)** and will inform decisions about the future shape and focus of the program for its second phase, allowing enough time for any necessary re-design and any restructuring of management or implementation arrangements. The Program Effectiveness Review will provide the opportunity to test key assumptions in the program design related to the effectiveness of different forms of aid and to review and revise the program's theory of change as the basis for achieving positive, sustainable change.

These evaluations will be undertaken by a joint Independent Monitoring Group (IMG). The IMG will include senior personnel with technical evaluation skills as well as public sector, economic governance and public financial management expertise. They will be completed at arm's length from both governments and the implementing contractor, although all parties would agree the evaluation TOR and methodology, which will be developed by the IMG. Australia and PNG will jointly select IMG members, and it may bring in expertise from both governments as well as independently contracted technical experts.

Periodic Issues-based Evaluation Studies

In order to deepen the understanding of the issues, opportunities and constraints in the economic and public sector field, and of the contributions being made by GoPNG and donor support efforts via EPSP, the program will support an ongoing series of issues-based evaluation studies as part of the program's research and analysis component. For example, the program could support an evaluation of service delivery agency responses to perceived changes to central agency practice in budget preparation; or it could undertake an evaluation of line agency implementation of a new policy (such as a gender policy in public sector HRM). Equally, the program could support an impact evaluation of the PSWDP if DPM sought such support, or of other GoPNG programs supported through EPSP.

These periodic evaluations will thus examine specific issues of interest or concern during program implementation, identified by any stakeholder. Evaluations would be agreed by the PMG on the basis of a proposed evaluation plan. The principle of these issues-based evaluations would be to disseminate the findings widely through an explicit communication strategy, prepared and agreed during the preparation of evaluation plans. The M&E

⁴⁹ Most recently through the 2008 Accra Agenda for Action on Aid Effectiveness

Specialist will assist with the development of evaluation plans and with the identification of appropriate expertise, particularly within PNG and the region.

M&E Matrix

An indicative M&E matrix for EPSP is provided below. The matrix specifies data sources, monitoring mechanisms and a mix of indicators and research questions to guide the Contribution Dialogue process, forming the basis for the ongoing monitoring and evaluation of program effectiveness. It also includes a series of performance measures for the program management and governance arrangements to provide the most effective structure for the management of the program as a partnership between the Governments of PNG and Australia. The Annual Program Report (see below) will report in alignment with the matrix and the other provisions of the M&E arrangements.

The M&E matrix will be reviewed on mobilisation of the program through a participatory M&E workshop so that it utilises current GoPNG systems to the greatest extent possible, and to maximise the value of data and reporting tools for GoPNG.

Program Reporting

The M&E arrangements for EPSP are designed to keep formal program-specific reporting to a minimum so that reporting does not become a distraction from program activities for implementers and program management bodies. A number of regular reports are, however, necessary:

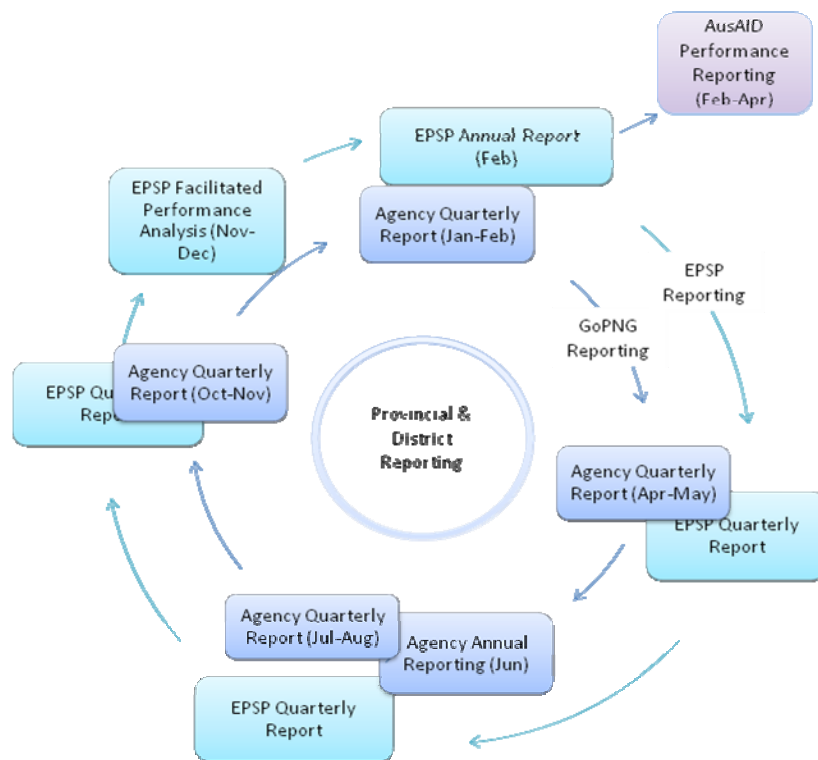
Annual Program Report to CACC: The Annual Program Report will provide an overview of progress in EPSP, based on the conclusions reached by the annual Facilitated Performance Analysis. It will include reflections on the M&E matrix and will report in alignment with the matrix, and will feed directly into the preparation of the next indicative Strategic Framework. The Annual Program Report will also feed into AusAID's annual quality and performance reporting processes.

Quarterly Program Reports to PMG: These reports will be prepared with a focus on exception reporting, highlighting significant areas of concern (whether requiring PMG action or not), and highlighting significant achievements or opportunities. Quarterly reports will be brief and will focus on issues, lessons, opportunities and constraints.

The Program Director will provide more frequent verbal reporting to the PMG and to PM&NEC and AusAID as required.

Implementation Reports: Program implementers (advisers/ training providers/ other technical assistance etc) will take a similar exception-report approach, providing brief quarterly reports to the Program Director. SGP deployees will have separate, but parallel, reporting obligations – most likely to the SGP Steering Committee. These reports will provide equivalent information to the EPSP implementation reports and will be copied to the Program Director. They will feed into the program-level reporting to the PMG and CACC in order to provide a complete picture of progress, risks, opportunities and lessons learned within the EPSP.

The diagram below gives an overview of the links between EPSP and PNG reporting:



Roles and Responsibilities

The **CACC** provides the strategic oversight of the program, approving the Strategic Framework and monitoring EPSP performance at the levels of Results and Program Outcomes. CACC members will participate in the annual Facilitated Performance Analysis.

In partnership with GoPNG, **AusAID** also monitors the program at the Results and Program Outcomes levels, and at the activity level through its membership of the Program Management Group. AusAID will also provide procurement and logistical support for the joint Independent Monitoring Group.

The **Program Management Group** monitors progress and performance at both program and activity levels, and makes ongoing decisions about what the program supports. PMG members will participate in the annual Facilitated Contributions Analysis including appropriate Contribution Discussions. .

The **Program Director** has overall responsibility for the implementation of the M&E arrangements. The PD will monitor program performance at all levels and will lead on performance management of all contracted program inputs, as well as taking primary responsibility for program reporting to PMG and the CACC.

The Program Director will be supported in this by the full-time **M&E Specialist**, who will be the dedicated resource for the implementation of the program M&E arrangements,

The program will establish a **M&E Working Group**, convened by the M&E Specialist. The Working Group will bring together officials with a M&E role from EPSP core agencies (those represented on the PMG) to form a community of practice. It will:

- peer review M&E arrangements and framework to enable closest possible links with GoPNG systems and timetables;
- build capacity in M&E amongst members;
- strengthen the status and value of monitoring information as an important contributor to government decision-making;
- participate in the annual Contribution Dialogue process, and
- support the operationalisation of GoPNG’s increasing interest in development results, as articulated in the PNG-Australia Partnership for Development, and enhance GoPNG’s own monitoring and evaluation efforts.
- The Working Group could be a conduit to identifying new avenues for the program to support stronger results focus and enhanced performance assessment and reporting within and beyond GoPNG. The Working Group may also be the basis for identifying options for the secondment of GoPNG M&E officials to the EPSP team for a short period – possibly around the annual Facilitated Performance Analysis, or to participate in a specific evaluation study – as a capacity development investment.
- Providing an independent perspective on the achievements and performance of the program will be the joint Independent Monitoring Group (IMG). The IMG will:
 - conduct a biennial independent review of program effectiveness (i.e. every two years) – the second review, i.e. Yr4 feeds directly into the phase 2 design and comprises AusAID’s Mid-Term Review;
 - include at least an evaluation specialist; PFM specialist, public sector capacity building specialist;
 - implement participatory evaluation methodologies to assess the effectiveness of the program in its focus areas and to identify unintended consequences – both positive and negative – for men and women within and beyond GoPNG; and
 - be contracted by AusAID but jointly agreed by GoPNG and Australia include SGP agencies.

Monitoring and Evaluation Matrix

The following provides an indicative M&E matrix for EPSP. It will be reviewed on mobilisation of the program through a participatory M&E workshop so that it utilises current GoPNG systems to the greatest extent possible, and to maximise the value of data and reporting tools for GoPNG. In particular, the matrix will be revised when GoPNG has a Performance Planning and Monitoring Framework ready for implementation to achieve integration with the new system. Performance indicators in the Schedule to the PNG-Australia Partnership for Development: Priority Outcome 4 (an Efficient and Effective Public Service) are an important point of reference for EPSP and will be included in the M&E matrix once agreed between GoA and GoPNG. Efforts are focussed at the Results and Outcomes levels, reflecting the levels of analysis most of interest to GoPNG and to AusAID, and of most significance for management of the program.

The research questions will guide the design of the Independent Program Effectiveness Reviews and other evaluation exercises, and will be the basis for discussions at the annual Contribution Dialogues as well. Where possible, indicators of progress or success are also included in the matrix, noting that in some cases the source of data is still in development or under discussion. For this reason, as noted in the M&E arrangements, it will be essential to review, re-confirm and update this matrix on mobilisation of EPSP and annually during program reporting and planning processes.

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
Goal: An effective and efficient public service that focuses on service delivery for the men and women of PNG, and creates an enabling environment for broad-based economic growth	Over <i>more than ten years</i> there are multiple indications that the public sector is more effective; that service delivery is improving, and that the operating environment for the private sector (both large and small enterprises) is more favourable for business and for men and women citizens.	GoPNG data Third party analysis and reporting (such as multilateral banks, development partners, international organisations, civil society organisations)	Annual Periodic

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
		Worldwide Governance Index (Government Effectiveness ⁵⁰ and Regulatory Quality ⁵¹)*	Annual
Result 1: A more skilled and effective public sector workforce	<p>What evidence exists to suggest that the public sector is more skilled? In particular, what evidence exists in the areas where EPSP has assisted?</p> <p>What evidence exists to indicate a more effective public sector workforce?</p> <ul style="list-style-type: none"> • Trend data over more than five years indicating progress towards the majority of PNG targets (e.g. those in the <i>Public Sector Reform Strategic Plan for Improving Service Delivery in Papua New Guinea 2008-2012</i> and in PSWDP program plans). • Worldwide Governance Index – Government Effectiveness rating* 	<p>Mid-Term Review (Independent Progress Report)</p> <p>Public sector reform reporting</p> <p>PSWDP reporting</p> <p>State of the Public Sector Report⁵²</p> <p>Worldwide Governance Index</p>	<p>Year 4 of EPSP</p> <p>Periodic</p> <p>Annual</p> <p>Biennial?</p> <p>Annual</p>

⁵⁰ Prepared annually by the World Bank Institute: *Government Effectiveness (GE)* – measuring perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

⁵¹ Regulatory Quality (RQ) – measuring perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

⁵² There is discussion of a possible ‘state of the public sector’ style report being developed for PNG, providing a regular basis for GoPNG to monitor the structure, composition and capacity of its public sector workforce. If such a study proceeds it will be a key source of data for EPSP monitoring.

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
1.1 Leadership and management in the public service is improved	<p>How have senior managers (in EPSP-supported agencies) changed their management practices?</p> <p>What has the effect of any changes been?</p> <p>To what extent do public sector managers and leader face greater accountability for service delivery?</p>	<p>Independent Program Effectiveness Review</p> <p>State of the Public Sector Report</p>	<p>Biennial</p> <p>Biennial?</p>
1.2 Men and women in the public service are more capable and motivated	<p>To what extent have motivations in the public service changed?</p> <p>What impact (if any) has this had on their performance?</p> <p>What evidence exists of increasing capabilities amongst public servants? (particularly where EPSP has assisted)</p> <p>How are changes in motivation different for men and women?</p>	<p>Independent Program Effectiveness Review</p> <p>State of the Public Sector Report</p>	<p>Biennial</p> <p>Biennial?</p>
1.3 Stronger, equitable human resource policies are implemented	<p>What evidence exists of a more equitable approach to public service employment?</p> <p>What has been the effect of any changes in HR policy and practice?</p> <ul style="list-style-type: none"> • New policies in place and implemented • % men and women at different levels and in different sectors of the public service (including at Secretary level) • Extent of part-time or otherwise flexible working arrangements for public servants 	<p>DPM and other Department documentation</p> <p>Independent Program Effectiveness Review</p> <p>State of the Public Sector Report</p>	<p>Ongoing</p> <p>Biennial</p> <p>Biennial?</p>

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
<p>Result 2: Improved use and management of public financial resources</p>	<p>What evidence exists to indicate that PNG is making better use of its public financial resources?</p> <ul style="list-style-type: none"> • Worldwide Governance Index - Control of Corruption rating^{53*} • Proportion of PEFA scores that are A or B* 	<p>PEFA</p> <p>IMF Article IV Reports</p> <p>Worldwide Governance Index</p> <p>Mid-Term Review (Independent Progress Report)</p>	<p>Biennial (next in 2010)</p> <p>Annual</p> <p>Annual</p> <p>Year 4 of EPSP</p>
<p>2.1 Budget preparation is improved</p>	<p>How has the budget preparation process changed?</p> <p>To what extent has participation from outside government in budget preparation changed (e.g. consultation with civil society or the private sector)?</p> <ul style="list-style-type: none"> • Proportion of government spending covered by multi-year spending plans (% of government spending)* 	<p>Independent Program Effectiveness Review</p> <p>Budget Papers (GoPNG and Provinces)</p> <p>PEFA</p>	<p>Biennial</p> <p>Annual</p> <p>Biennial (next in 2010)</p>

⁵³ *Control of Corruption (CC)* – measuring perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
<p>2.2 Budget allocations and execution increasingly support service delivery for men and women</p>	<p>What effect are any changes in budget processes having on the eventual composition of the budget?</p> <p>How have budget allocations changed in terms of GoPNG’s commitment to increase funding for service delivery?</p> <p>To what extent have budget allocations to provinces been re-aligned to actual service delivery costs?</p> <ul style="list-style-type: none"> • PEFA PFM indicators* • % of budget allocations (at national and sub-national levels) directed to operations and maintenance for service delivery 	<p>Independent Program Effectiveness Review</p> <p>NEFC Reports</p> <p>PEFA</p>	<p>Biennial</p> <p>Annual</p> <p>Biennial (next in 2010)</p>
<p>2.3 Public financial management controls are stronger</p>	<p>To what extent is public financial management and administration more effective?</p> <p>What evidence exists of improvements in internal accountability?</p> <p>How have financial management and administration systems and practices changed (improved)?</p> <ul style="list-style-type: none"> • PEFA scores in relevant areas show a trend of improvement* • Release of public accounts • Payroll expenditure increasingly remains within budget limits 	<p>Independent Program Effectiveness Review</p> <p>Audit reports</p> <p>PEFA</p>	<p>Biennial</p> <p>Periodic</p> <p>Biennial (next in 2010)</p>
<p>Result 3: Government is more informed, transparent and accountable</p>	<p>To what extent is the GoPNG using a stronger base of information and analysis to inform its policy making and decisions?</p> <p>How has access to information about government operations changed over time?</p>	<p>Independent Program Effectiveness Review</p> <p>Issues-based Evaluations</p>	<p>Biennial</p> <p>Periodic</p>

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
	<p>What evidence exists of any trend towards increased transparency in government operations and resource allocation?</p> <ul style="list-style-type: none"> Worldwide Governance Index – Government Effectiveness rating* 	<p>Mid-Term Review (Independent Progress Report)</p> <p>Worldwide Governance Index</p>	<p>Year 4 of EPSP</p> <p>Annual</p>
<p>3.1 Information flows within government are more timely and efficient, and policy is increasingly evidence-based</p>	<p>How has GoPNG changed its practices in the dissemination of financial and budget information within GoPNG (i.e. between central and line agencies)?</p>	<p>NEFC Reports</p>	<p>Annual</p>
	<p>How has GoPNG changed its practices in the dissemination of financial and budget information from national to sub-national governments and agencies?</p>	<p>Independent Program Effectiveness Review</p>	<p>Biennial</p>
<p>3.2 External scrutiny and audit systems are more effective</p>	<p>To what extent are key external accountability systems more effective, particularly the Public Accounts Committee and the Auditor-General's Office?</p> <ul style="list-style-type: none"> Accountability mechanisms more adequately funded and staffed Accountability institutions undertake increased and/or more frequent scrutiny of Government actions Release of public accounts Transparency International Perceptions of Corruption Index 	<p>GoPNG Budget papers</p> <p>Independent Program Effectiveness Review</p> <p>PAC, AGO reports</p> <p>PEFA</p> <p>Transparency International</p>	<p>Annual</p> <p>Biennial</p> <p>Ongoing (increasing)</p> <p>Biennial</p> <p>Annual</p>

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
<p>3.3 There is greater dissemination of information on budgets and services to men and women</p>	<p>What has changed in the dissemination of budget details to the public (e.g. extent and detail of information provided; means of dissemination in order to reach more people in more places; level of disaggregation of data etc)?</p> <p>To what extent is the media more actively involved in monitoring government actions?</p>	<p>CIMC monitoring and consultations</p> <p>Independent Program Effectiveness Review</p> <p>EPSP issues- based Evaluation studies</p> <p>Independent Program Effectiveness Review</p> <p>Third party monitoring and evaluation (e.g. Democratic Governance Program, Transparency International)</p>	<p>Annual</p> <p>Biennial</p> <p>Periodic</p> <p>Biennial</p>
<p>Result 4: Policy and regulatory settings are more supportive of sustainable broad-based growth</p>	<p>A series of assessments over five years conclude that the policy framework is more supportive of broad-based growth (i.e. growth that benefits men and women in rural and urban areas), including World Bank Doing Business Survey ranking*</p>	<p>IMF Article IV Reports</p> <p>World Bank Doing Business Survey</p> <p>WB/ADB Country Assessments*</p>	<p>Annual</p> <p>Annual</p> <p>Annual</p>

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
		EPSP and other Evaluation Studies	Periodic
4.1 Sound and sustainable macroeconomic policies are implemented	<p>To what extent are sound macroeconomic policies in place? How effectively are those policies being implemented?</p>	<p>GoPNG and third party analysis and reporting</p> <p>Independent Program Effectiveness Review</p>	<p>Periodic</p> <p>Biennial</p>
4.2 Regulatory environment for private sector activity is more efficient and transparent	<p>What evidence exists of improvements in the regulatory environment?</p> <ul style="list-style-type: none"> • WB Doing Business Survey – time to start a business* 	<p>World Bank Doing Business Survey</p> <p>Independent Program Effectiveness Review</p>	<p>Annual</p> <p>Biennial</p>
4.3 Public institutions in the economic sector operate more effectively, transparently and equitably	<p>What evidence exists of improvements in management of economic sector public institutions?</p> <p>What progress is being made at bringing publicly-funded statutory authorities under the Public Financial Management Act?</p>	<p>Public Expenditure Review and Rationalisation Reports</p> <p>Independent Program Effectiveness Review</p>	<p>Periodic</p> <p>Biennial</p>

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
<p>Program Management⁵⁴ – by the Managing Contractor and by AusAID</p>	<p>How is the composition of EPSP support changing (is there reduced and more strategic use of international technical assistance)?</p> <p>How effectively is EPSP achieving increased gender equity in and through its assistance?</p> <p>To what extent are EPSP inputs (particularly technical advisers) taking a more effective approach to capacity building?</p> <p>To what extent is EPSP delivering a program of support that is increasingly coherent and integrated between the various elements of assistance (e.g. links between training and technical assistance)?</p> <p>How effectively is EPSP coordinating and cooperating with other AusAID-supported programs in PNG?</p> <p>To what extent is EPSP cooperating with other development partners to deliver a more coherent program of support to GoPNG?</p> <p>How is EPSP integrating HIV/AIDS into its program?</p> <p>To what extent are the key assumptions underpinning the program logic still holding and how should the logic be adjusted to reflect any changes in the assumptions?</p> <p>To what extent is EPSP support <i>aligned</i> with GoPNG systems and processes?</p>	<p>Independent Program Effectiveness Review</p> <p>EPSP Data</p> <p>Diagnostic work</p>	<p>Biennial</p> <p>Ongoing</p> <p>Ongoing</p>

⁵⁴ Monitoring this aspect of EPSP is linked to the five Operating Principles articulated in section 1.5.1

Item	Research Questions and Indicators of Progress (Success)	Data Source/ Monitoring Mechanisms	Frequency
	<p>How effectively has EPSP managed its risks and how has this affected the achievement of program objectives?</p> <p>What evidence exists of EPSP increasingly directing support <i>through</i> GoPNG systems and process?</p> <p>How effective is the Monitoring and Evaluation Framework as a means to support continuous learning and managing for results?</p> <ul style="list-style-type: none"> • % EPSP budget spent on international TA per year* • % EPSP budget spent on national TA per year • % EPSP budget directed through GoPNG financial systems* • % EPSP budget through GoPNG procurement systems* • % men and women technical advisers • % men and women participating in EPSP decision-making • % men and women participating in EPSP activities 		

* indicates this is a performance indicator agreed in the PNG Australia Partnership for Development

Annex 3 – Management of Risk

GoPNG and GoA will jointly monitor and manage risks affecting EPSP, with support from the Program Office and the Managing Contractor. Appropriate strategies to adapt to changes in the operating environment will be developed as required, as part of the close working relationship between both governments underpinning EPSP operations. The main risks facing the implementation of EPSP and the proposed management responses are summarised below. Management of these risks will be tracked as part of the ongoing assessment of aid effectiveness through the Monitoring and Evaluation Framework.

Macro level instability and external shocks

Risk: International economic downturn, domestic or regional political instability, conflict, health pandemics, natural disasters and/or other climate-related events, lead to a reduction in growth and/or a significant shift to short term priorities, and as a result reduces GoPNG capacity to fund and implement ongoing economic and public sector improvements.

Response: Bilateral policy dialogue, together with high level consultations on the aid program, will include consideration of macro-level shocks and the need for modification of aid program assistance. EPSP support for economic management, planning and budgeting, together with increased coordination and partnership among program stakeholders will improve the capacity of central agencies to support an effective government response to external shocks, including strategic reprioritisation of available resources as required.

Political and bureaucratic commitment to PNG's economic and public sector development

Risk: GoPNG political and bureaucratic commitment to EPSP and its own programs for economic and public sector development is reduced and/or the role of key partners changes (particularly the CACC) significantly as part of broader public sector reform processes, resulting in misalignment of priorities between governments.

Response: The alignment of GoPNG and donor resources and the effectiveness of the GoA-GoPNG development partnership are priorities of both governments and endorsed by the PNG-Australia Partnership for Development. Every effort will be made to align EPSP within GoPNG's preferred structures and systems and the program will adapt to GoPNG's structural changes as they occur in an appropriate way.

EPSP will assist partner agencies to build and maintain political and bureaucratic commitment by supporting the implementation of existing and new GoPNG priority initiatives. In doing so, EPSP will seek to support reform champions and their efforts to build a solid commitment base across government, at sub-national levels and within communities. Technical assistance and analytical and research support will assist central agencies to assess the technical and financial feasibility of new initiatives to increase the likelihood of successful implementation, thereby bolstering commitment from GoPNG and other stakeholders. Supporting information collection and dissemination, as well as improved monitoring and reporting mechanisms will be crucial to these efforts.

Status of economic and public sector coordination mechanisms

Risk: The longer term status of GoPNG's central coordination mechanisms, particularly the CACC, becomes uncertain, limiting the effectiveness of central coordination of economic and public sector development.

Response: Strengthening the CACC Secretariat and assisting CACC member agencies to provide effective coordination of economic and public sector development will help maintain the CACC's good standing within government and responsiveness to both bureaucratic and political demands. The annual Strategic Framework and annual performance reporting under EPSP will facilitate CACC's coordination efforts and its links to service delivery agencies and sub-national administration. The establishment of the Program Management Group to provide oversight of program implementation also has the potential to be an effective sector coordination mechanism.

Use of and integration with PNG systems

Risk: An integrated approach to capacity and systems development results in PNG's own systems becoming over-whelmed, dominated or distorted. For example, attention given to the management of aid program funded inputs may distract attention from a focus on the management of agencies' own personnel and resources. Similarly, attention to development budget expenditure may distract attention from expenditure under recurrent and supplementary budgets.

Response: EPSP will minimise transaction costs associated with joint management of the program. GoA engagement with program coordination mechanisms will be strategic and planned around key decision-making points within PNG's budget cycle. EPSP support will adopt a whole-of-budget approach to strengthening systems and processes to make effective use of all available resources. GoA-GoPNG collaboration in the joint management arrangements for EPSP will enable emerging issues to be identified early and alternative arrangements developed and agreed should particular processes prove to be problematic or ineffective. Integration with and building capacity of PNG systems will be a cornerstone of EPSP support.

Risk: The use of PNG's financial management systems for EPSP funds are subject to misallocation, misappropriation and/or fraudulent activities.

Response: EPSP will support improvements in the public financial management system in PNG, particularly capacity in budgeting, financial controls and accountability systems including internal and external audit. AusAID and key partners, particularly PM&NEC, DNPM, DPM, Treasury, Finance and Auditor General's Office, will work closely together to monitor budget and financial management processes so that resources are used efficiently, effectively and for their intended purpose. Attention will be given to monitoring and managing changes, particularly deterioration, in the capacity of financial management systems across government and within partner agencies.

EPSP will negotiate increased oversight of targeted resources to bolster particular processes if concerns emerge, and will work closely with PNG so that all appropriate administrative and, where necessary, legal processes are undertaken in cases of financial mismanagement or suspected fraud. EPSP, in close consultation with key partners, will also commission independent audits of trust accounts used under the program on an annual basis, as part of

the annual aid effectiveness review process. Successful anti-corruption strategies and action (including information dissemination) is critical if government funding is to be used in support of effective service delivery.

Public service capacity to improve service delivery

Risk: As implementation of PNG’s public sector and economic reforms progresses and emphasis shifts from strengthening central agency capacity to outreach and support for service delivery through line agencies and sub-national levels of government, the management of the reforms becomes correspondingly more complex, threatening the sustainability of capacity development activities.

Response: EPSP’s strong focus on public sector capacity development will support GoPNG to improve the capacity of the public service to delivery services over the long term. The capacity building approach includes working closely with central agencies to build more productive relationships with partners working outside Port Moresby. EPSP will collaborate with other GoA and donor supported programs that are focused on building the capacity of national agencies, as well as sub-national levels of government and across NGOs and communities. Supporting improved performance monitoring through CACC of the implementation of reform efforts that are linked to service delivery will be crucial.

Gender inequality and disempowerment of women

Risk: Ongoing gender inequalities perpetuated by both formal and informal systems are not addressed and undermine program outcomes and broader development objectives.

Response: The inclusion of the ODW in the PMG will strengthen EPSP’s potential and opportunity to mainstream equity initiatives into the program. EPSP implementation will include a strong focus on gender equality, particularly in supporting change and human resource management within partner agencies and stakeholders. Specialist support in gender mainstreaming will be provided through the Program Office to the Program Management Group to bolster efforts in implementing an effective gender strategy in the public service, including monitoring and reporting on progress.

Attention to the impact of HIV and AIDS

Risk: Insufficient and inadequate attention to impact of HIV and AIDS undermines economic and public sector development. Although the impact of HIV and AIDS on government performance is as yet unknown, given its growing prevalence in PNG, this may emerge as a risk over the lifetime of EPSP. Anecdotal evidence already exists to suggest that stigma and discrimination against people living with HIV and AIDS is occurring within the public service. A HIV and AIDS pandemic could decimate the PNG public service and destroy all ability to effectively deliver services.

Response: EPSP support for HIV mainstreaming will strengthen partner agency and key stakeholders’ capacity to identify and implement appropriate responses, including a focus on improved data collection and analysis, and the operations of particularly vulnerable agencies. Specialist support in HIV mainstreaming will be provided through the Program Office to the Program Management Group to bolster the sector’s efforts in HIV mainstreaming and other responses, including monitoring and reporting on progress. HIV

mainstreaming will be integrated in agency partnerships and initiatives will be reflected through in the annual Strategic Framework.

Performance and effectiveness of technical assistance personnel

Risk: Technical assistance personnel used by EPSP as part of the overall program adopt capacity building approaches that are unsatisfactory and not in accordance with the EPSP design, undermining the overall effectiveness of the program.

Response: The EPSP recruitment strategy will be implemented in partnership with GoA and agency partners and stakeholders. Ongoing strategic management of technical assistance personnel is a core element of EPSP, including the provision of professional development programs targeting capacity building, gender, cross cultural and language skills, and will be monitored as part of the ongoing assessment of aid effectiveness, through the Monitoring and Evaluation Framework. The Capacity Development Adviser will support technical assistance personnel to maximise their effectiveness. Operational level management of EPSP technical assistance personnel will progressively enable greater direct involvement by GoPNG partners. EPSP support through Partnerships for Capacity Development will facilitate consideration of alternative forms of aid to technical assistance to address capacity building priorities and to address underlying, long term capacity constraints relating to, for example, workforce planning.

Donor and GoA whole-of-government coordination

Risk: Lack of coordination and cooperation between EPSP and other donor and GoA programs leads to duplication of effort and overburdening of PNG partners, which undermines the program's effectiveness.

Response: EPSP will support partner agencies and stakeholders to integrate and align the initiatives (including eventually funding) of other donors with central administration systems and processes and budget cycle requirements. Coordination and coherence with GoA whole-of-government and other AusAID programs, particularly in relation to areas of overlapping assistance and common objectives, will be a key role of AusAID PNG. Governance and management arrangements under EPSP will support coordination and coherence across all elements of GoA assistance, including engagement by whole-of-government partners. The Public Sector Adviser and Economic and Public Sector Coordination Group will improve capacity to coordinate effectively with other programs.

Management of the Program by AusAID

Risk: AusAID is unable to provide the strategic direction and management to ensure the program's capacity development approach is implemented, including a shift away from a reliance on technical assistance over time.

Response: AusAID's PNG Country Office has a clear strategic and management role in program implementation, including as a member of the Program Management Group and the Economic and Public Sector Coordination Group. The Public Sector Adviser will play a key role in supporting policy dialogue between Australia and PNG, particularly in relation to the development of the annual Strategic Framework. The M&E Framework provides clear arrangements to monitor key assumptions under the program design in terms of how assistance is provided to support positive change in the public service.

Annex 4 – GoPNG Programs

Public Sector Workforce Development Program (PSWDP)

The PSWDP (formally known as PSWDI) was launched by GoPNG in 2005. This whole-of-government initiative is reinstating a sustainable program of workplace training and professional development in public administration, focused on strengthening lead human resource and training institutions, executive development, induction and graduate programs, and developing future public sector leaders. The implementation of PSWDP is overseen by an inter-departmental committee comprising senior officers from central agencies, training providers and the Public Employees Association. AusAID PNG is also a member of the committee.

Following an initial three-year establishment phase, PSWDP was extended for five years to 2012. A 2007 independent review suggested that, with appropriate leadership and resources, PSWDP could become the most effective program for public service improvement in PNG. PSWDP is a “home grown” response to underperformance in the public service. While the New Basics and Induction and Graduate Development activities have rolled-out gradually, the third major activity, Executive Development, has lagged behind due mainly to administrative barriers.

AusAID, through ASF, currently funds up to six key positions in the PSWDP Secretariat which supports the development and delivery of the program. DPM has ultimate responsibility for overseeing implementation of the program and it is anticipated that secretariat functions will be integrated into DPM over time. In 2008, GoPNG and AusAID established a joint trust account to co-finance the program’s five-year Implementation Plan 2008-2012. In early 2009 the inter-departmental committee agreed to develop a new Public Service Training Package for core public administration competencies, which will be modelled on the Australian version and can be recognised under PNG’s National Qualifications Framework.

Public Expenditure Review and Rationalisation (PERR)

The PERR process commenced in 2003 and is a collaborative effort between GoPNG, World Bank, ADB and AusAID to assist in establishing and sequencing economic and public expenditure management reforms in PNG. In response to the 2003 PERR mission discussion papers and recommendations, GoPNG developed a PERR action plan which comprised nine projects broadly covering fiscal stabilisation, expenditure rationalisation and systems development and improvement. The projects are:

- Improving budget stability by reducing the deficit to 1.0% of GDP in 2005 and lower thereafter;
- Improving national and provincial planning, monitoring and review processes so that allocation and use of budgetary funds are in accordance with national policy priorities;
- Delivering a secure payroll and appointments process;
- Reducing salary expenditure by reducing spending on unattached staff, having affordable arrangements for redundancies and linking future pay rises to affordability;

- Improving efficiency of procurement arrangements;
- Prioritising short-term expenditure for 2004 (later replaced with FMIP);
- Prioritising expenditure over the medium-term by undertaking a review of the roles of ministries, departments and statutory authorities (“rightsizing”);
- Improving non-tax revenue performance; and
- Strengthening fiscal and governance oversight of statutory authorities in order to improve expenditure control.

A PERR Implementation Committee (PERRIC) was established in 2004 to monitor activities being undertaken to progress each of the projects. The committee comprises senior officers from the central agencies charged with implementation (PM&NEC, Treasury, Finance, DPM and DNPM). PERRIC supports heads of central agencies to implement reforms in their respective organisations and enables the Chief Secretary, the CACC and donors to be regularly briefed on progress. Over time the PERR has lost momentum as a reform initiative. Since 2007 there has been a joint dialogue with GoPNG on revitalising the reform agenda started under PERR and its links with wider public sector reforms.

Financial Management Improvement Program (FMIP)

FMIP was initiated by GoPNG in 1997 and is an integrated program of reform of public financial management systems and processes within and between national, provincial and local level governments in PNG. FMIP is managed by the Department of Finance and overseen by three sponsoring departments through the program’s Steering Committee: Finance, Treasury and National Planning and Monitoring. AusAID, ADB and UNDP have supported various components of the program over time.

A joint GoPNG-donor review in 2005 accepted that FMIP had been overly narrowed to the implementation of an IFMS which will replace current central budgeting and accounting systems, initially in national government departments and eventually at provincial level. The review acknowledged that significant preparatory and training work had been undertaken to reach a platform from which new infrastructure and systems could be feasibly achieved. It argued that realistic expectations and timeframes need to be developed by funding agencies if success was to be achieved in the longer term.

A new Medium-Term Financial Management Strategy (MTFMS) is being developed by GoPNG to provide a system-wide strategy for public financial management reform and respond to the recommendations of the joint review. The MTFMS is expected to provide a framework for the next phase of support under Australia’s aid program. AusAID’s current contribution to FMIP consists of up to five ASF-managed advisers placed within the Finance Training Branch of Department of Finance and co-financing with GoPNG to implement the annual financial management training plan that focuses on core financial management skills required in both national and sub-national administration.

Provincial Capacity Building Program (PCaB)

PCaB is a sub-component of FMIP and aims to strengthen sub-national financial management capacity and accountability in a sustainable manner. It focuses on capacity

building in treasury functions in the Provinces and Districts. PCaB commenced as a pilot in 2005 and is administered jointly by GoPNG and UNDP, with AusAID funding up to 80 per cent of program costs under an existing cost-sharing agreement with UNDP.

A 2007 independent review of the two-year pilot phase of PCaB recommended the program be continued and strengthened. A new five-year phase of the program commenced in 2008 and supports two advisors - Provincial Support Advisor (PSA) and District and LLG Support Advisor (DLSA) - assigned to Provincial Treasuries in six provinces to provide hands-on training and mentoring/coaching, working closely with designated counterparts. Other components of the program are ICT training support, an internship program placing university undergraduates in Provincial Treasuries, and national and sub-national workshops and exchange study visits.

Annex 5 – Design Process and Consultations

Design consultations for EPSP have been active since 2005 when both GoPNG and GoA recognised it would be mutually beneficial to replace the existing ASF with a more cohesive, high level program accountable to CACC. During 2007 both governments agreed it was time to move the joint program forward and active discussions took place allowing a joint design process to be initiated late in 2007.

Design Method

In preparation for the design of EPSP both governments committed resources to establish a strong analytical and evidenced based foundation to the program. An extensive inception period has paved the way for the design mission and development of the Design Document. The overall program design process comprises four stages as follows:

- Stage 1: Situational Analysis to inform program design.
- Stage 2: Development of Design Concept.
- Stage 3: Development of Draft Design Document.
- Stage 4: Endorsement of Final Design Document.

A long-term Design Coordinator was contracted in by AusAID in 2007 to provide overall leadership for the program development and design. The Design Coordinator worked primarily with AusAID PNG (including the AusAID Gender Advisor) to ensure the program is informed by international experience and lessons, including on gender equality, while being applicable to the local context and integrated as much as possible with local systems; he worked with AusAID Canberra to address the significant interest and involvement of other Australian government agencies and non-government partners in the future program; worked closely with key GoPNG agencies who are responsible for economic and public sector reform initiatives; and created linkages between the many processes currently underway in terms of overall Australian assistance to PNG's governance improvement plans.

For stages 3 and 4 of the design process AusAID established a Design Team, comprising the Design Coordinator/Team Leader (also capacity development expert), a Design Specialist, a Public Sector Specialist, the AusAID PNG Gender Specialist, the First Secretary (EPSP) and representatives from AusAID Canberra and GoPNG (DNPM).

During the design preparation period a number of reviews were completed, including: the Review of the Public Sector Reform Program; the ASF evaluation, and PERR and ECP reviews amongst others. Information provided by the reviews, plus other information provided by both governments allowed a comprehensive Economic and Public Sector Governance (EPSP) situational analysis to be drafted to further inform the design process.

In February 2008, both governments came together in a design workshop to discuss and analyse economic and public sector information which might impact upon program design options and opportunities. The joint workshop recommended a consolidated economic and public sector program be designed which would target central agencies in the development and enhancement of their systems so they are better placed to support line agencies and sub-national institutions to better deliver services to the men and women of PNG. The workshop further recommended the new program would greatly benefit from

increased high level coordination; improved monitoring and evaluation; and joint management of PNG and Australian resources and strategies in support of economic and public sector programming. Program coherence was considered essential to the success of the new program.

The workshop agreed to establish a Technical Reference Group (TRG) as a high level government advisory group to further guide the development of the design process. Both governments also sponsored a “Counterpart Study” in April 2008 to further inform the design process, particularly with reference to counterpart relationships and capacity building in the PNG development context. This study provided additional insight into design impacts from a counterpart perspective.

A Concept Paper was developed in June 2008, and peer reviewed in July 2008. Following peer review endorsement, AusAID mobilised a joint Design Team in August 2008. During a three-week mission the design team confirmed the previously agreed design tenets and presented an Aide Memoire in September 2008. The draft Design Document was jointly developed during September-October 2008. An initial draft of this Document was workshopped with the TRG on 25 November. The TRG made a number of recommendations and in-general endorsed the draft Design Document to proceed to formal endorsement by both governments. This version of the draft Design Document incorporates TRG recommendations. It is expected the draft Design Document will be finalised for peer assessment by December 2008 and endorsement by both governments should occur in early 2009.

Consultations List

Government of PNG

Auditor General’s Office

Pono	Kawa	Deputy Auditor-General
Andy	Vui	First Assistant Auditor-General
John	Hawley	SGP Adviser

Bank of Papua New Guinea

Benny	Popoitai	Deputy Governor
Elizabeth	Genia	Manager Corporate Affairs
Diury	Tolopa	Manager Human Resources

Central Provincial Administration

Gei	Raga	Deputy Provincial Administrator
Cliff	Boutau	Deputy Provincial Administrator
Karo	Kila	IT Manager
Marina	Faiteli	Provincial Planner
Morea	Arua	M&E Officer
Haeramai	Solomon	Personnel Officer

Central Supply and Tenders Board

Bryan	Kimmins	Chairman
John	Kwarara	Board Secretary (acting)
Eric	Blackburn	ASF Adviser
Neil	Abel	ASF Adviser

Department of Attorney-General

Hitelai Polume-Kiele Attorney-General (acting)

Department of Community Development

Gayle Mision-Yaki First Assistant Secretary, Gender and Development
Brian Nakrakundi Regional Coordinator, Gender and Development

Department of Finance

Gabriel Yer Secretary
Doriga Henry Deputy Secretary (acting)
Eddy Galele Program Manager, FMIP
Jim Kerwin Deputy Program Manager, FMIP
John Edeleni Project Manager, IFMS
Philip Julius Assistant Secretary, Finance Training Branch
Bill Rua National Coordinator, PCaB
Philip Imbuni Senior Research Officer, Revenue
Peter Ephraim Research Officer, Revenue
Dominic Staun SGP Adviser
Anne Morant ASF Adviser
Kylie Reed ASF Adviser
Russell Lewis ASF Adviser
Joeena Simpson ASF Adviser
Cannan Maniot ASF Adviser

Department of Labour and Industrial Relations

Martin Kase Deputy Secretary
Rona Nadile First Assistant Secretary, HR Dev and Employment
Maria Lovaga First Assistant Secretary, Labour Standards
Mary Morela First Assistant Secretary, Corporate Services
Micah Vele Director, Independent Fellowship Scheme
Helen Salev Industrial Registrar

Department of National Planning and Monitoring

Ruby Zariga First Assistant Secretary, Policy and Research (acting)
Paul Enny Director, Aid Policy and Coordination (TRG Co-Chair)
Mosilayola Kwaiyala Director, Special Projects
Karl Sopol Assistant Director, Aid Policy and Coordination
Kevin Kautu Assistant Secretary
Harry Hakaua Assistant Secretary
Igo Gari Senior Monitoring Officer (Design Team)
William Sent Senior Monitoring Officer
Michael Kumung Senior Policy Officer
Helen Gura Senior Planner
Willie Kumanga Senior Planner
John Bego Planner, Economic Sector
Isaiah Huekmarin Planner, Administration Sector
Belinda Maree-Gara Program Officer, AusAID Desk
Esther Polot Program Officer, AusAID Desk
Margaret George Aid coordinator
Maria-Louise Wau Senior IT Officer
Tony Miva Principal Adviser, AusAID

Tony	Liston	AusAID Policy Coordination Adviser
Nicola	Blackford	ODI Senior Economist

Department of Personnel Management

Hansel	Kakimo	Deputy Secretary, Operations
Robert	Yass	Deputy Secretary, Operations (acting)
George	Taunakeke	Executive Manager, Policy and Implementation
Mala	Essau	Executive Manager, Corporate Services
Sebastian	Kee	Executive Manager, Policy and Research (acting)
Ravu	Veranagi	Manager, HRM Devolution Project
Ida	Yuki	Manager, Policy Development (acting)
Lindsay	Kranz	SGP Adviser
Louise	Fairley	SGP Adviser

Department of Prime Minister and National Executive Council

Henry	Leia	Director-General, CACC (acting) (TRG Co-chair)
Bill	Kua	Director, PSRMU
Joseph	Sukwianomb	Director, PSRMU (acting)
Angelica	Braun	Director, Strategic Development
Vele	Lamo	Program Manager, Central Agencies, PSRMU
Ephraim	Sukbat	Program Manager, Central Agencies, PSRMU
Hohora	Suve	Director Special Projects, CACC Secretariat (acting)
Benny	Deگو	Research Officer, CACC Secretariat
Killian	Anoser	Principal Adviser, Economics
Rex	Hoy	SGP Adviser
James	Melegepa	ASF Adviser
Fiu Williame	Igara	ASF Adviser
Kristen	Pratt	AusAID Policy Coordination Adviser
Shaska	Martin	AusAID Policy Coordination Adviser

Department of Provincial and Local Government Affairs

Dickson	Guina	Director, Capacity Building
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Department of Treasury

Simon	Tosali	Secretary
Nino	Saruva	Deputy Secretary
Manu	Momo	First Assistant Secretary, Economic Policy (acting)
Elpat	Enoch	First Assistant Secretary, Budgets (acting)
John	Ayers	SGP Adviser
Colin	Johnson	SGP Adviser

Internal Revenue Commission

Betty	Palaso	Commissioner-General
Trevor	Schloss	SGP Adviser
Grant	Goodwin	SGP Adviser

Investment Promotion Authority

Gerard	Dogimab	Director, Corporate Services
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National Economic and Fiscal Commission

Nao	Badu	Director
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George Selvenera SNS Adviser

National Training Council

George Arua Director
Stanley Motolora Assistant Director
Kea Ravu Assistant Director
Kinsella Geoffrey Coordinator, Private Sector Training
Jack Joseph Research Officer
Paul Brady ASF Adviser

Ombudsman Commission

Chronox Manek Chief Ombudsman
John Nero Ombudsman
Allan Barilae Secretary (acting)
Roderick Kambiri Director, Leadership
Joseph Molita Director, Complaints
Victor Milli Director, Regions (acting)
Albert Sambre M&E Officer

PNG Institute of Public Administration

Yala Yatu Director (acting)

Public Service Commission

Rigo Lua Chairman
Philip Kereme Commissioner
Linda Tamsen Commissioner
Andol Sione Secretariat Secretary

Other PNG Institutions

Consultative Implementation and Monitoring Council

Marjorie Andrew Executive Officer

Institute of National Affairs

Paul Barker Director

National Research Institute

Thomas Webster Director
Musawe Sinabare Deputy Director
Alphonse Gelu Lecturer
Helen Cheney ASF Adviser

Public Employees Association

Peter Toggs Assistant General Secretary

University of Papua New Guinea

David Kavanamur Professor

Government of Australia

AusAID PNG Country Office

Margaret Thomas Minister Counsellor
Mark Bailey Counsellor, Governance and Reform

Shireen	Sandhu	Program Director, Sub-National Strategy
Soli	Middleby	Program Director, Sub-National Strategy (acting)
Warren	Turner	First Secretary, EPSG (Design Team)
Peter	Izzard	First Secretary, HIV/AIDS
Tom	Nettleton	First Secretary, Sub-National Strategy
Susan	Ryle	First Secretary, Strategic Policy Coordination Unit
Joanne	Choe	First Secretary, Law and Justice
Keith	Joyce	First Secretary, Infrastructure
Lindy	Fisher	First Secretary, Leadership, Anti-Corruption and SGP
Peta	Leemen	First Secretary, Health
David	Low	First Secretary, Education
Judith	Tauna	Principal Program Officer, Democratic Governance
Joanna	Tough	Second Secretary, EPSG
Sofia	Ericsson	Second Secretary, HIV/AIDS
Chris	Graham	Second Secretary, Education
Gaye	Moore	Second Secretary, Health
Lydia	Bezeruk	Development Specialist, EPSG
Sarah	Maccana	Development Specialist, Democratic Governance
Paul	Bridgeman	Development Specialist, Sub-National Strategy
Rachael	Moore	Development Specialist, SNS/East New Britain
Rebecca	Worner	Development Specialist, SNS/Bougainville
Troy	Irwin	Development Specialist, SNS/Central Province
Clyde	Hamilton	Development Specialist, SNS/Milne Bay
Freda	Talao	Senior Program Officer, EPSG
Lucy	Tia	Senior Program Officer, EPSG
Ellen	Hau Pati	Senior Program Officer, Education
Lydia	Butut-Dori	Senior Program Officer, Health
Arilla	Haro	Senior Program Officer, SNS/Central Province
Dorothy	Luana	Senior Program Officer, SNS/East New Britain
Moale	Vagikapi	Senior Program Officer, SNS/Eastern Highlands
Konilias	Roka	Program Officer, EPSG
Margaret	George Mavu	Program Officer, Health
Ninkama	Moiya	HIV/AIDS Adviser
Susan	Fergusson	Gender Adviser (Design Team)
Richard	Slattery	Adviser, Sub-National Strategy
Cedric	Saldanha	SGP M&E Adviser

AusAID Canberra Office

Jane	Lake	Assistant Director General, Pacific Branch
Steve	Hogg	Assistant Director General, Operations Policy and Support
Mark	McGillivray	Chief Economist
Jennifer	Noble	Director, EPSG, PNG Branch
Michelle	Low	Director, PQR, PNG Branch
Andrew	Egan	Director, Office of Development Effectiveness
Sara	Moriaty	Director, Public Sector Capacity Building, Pacific Branch
Susan	McKeag	Director, Governance Section, Pacific Branch
Bob	Shackley	Director, Design and Procurement Advisory Group
Chakriya	Bowman	Director, Economic Growth, Pacific Branch (acting)
Barbara	O'Dwyer	Director, Gender Policy and Coordination (acting)
Tim	Vistarini	Manager, Design and Procurement Advisory Group
Janet	Donnelly	Manager, PQR, PNG Branch

Emily	Hurley	Manager, EPSG, PNG Branch
Ashween	Sinha	Manager, EPSG, PNG Branch
Peter	Goldsworthy	Manager, EPSG, PNG Branch
Jennifer	Lean	Manager, PQR, PNG Branch
Tony	McGee	Manager, Design Support, PNG Branch
Mary	Flanagan	Manager, Governance and Capacity Building Branch
Kavitha	Kasynathan	Program Officer, EPSG, PNG Branch (Design Team)
Ben	O’Sullivan	Program Officer, SGP, PNG Branch
Alison	De Louise	Program Officer, PQR, PNG Branch
Patricia	Lyon	Senior Capacity Development Adviser
Sally	Moyle	Gender Adviser
Angela	Corcoran	Design Adviser

Australian Public Service Commission

Penelope	Ngui	Director, International Policy Group
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Australian Taxation Office

Pam	Mitchell	Director, International Relations
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Australian Treasury

Neil	Motteram	General Manager, Pacific and Assistance Division
Glen	Maher	Treasury Officer, Pacific and Assistance Division

Department of Finance and Deregulation

Paul	McNamara	Branch Manager, Pacific Support (acting)
Greg	Moore	Director, PNG and Indonesia

Department of Foreign Affairs and Trade

Stephen	Gee	Director, PNG Political
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Development Partners

Asian Development Bank

Charles	Andrews	Country Director
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European Union

Aldo	Dell’Arriccia	Ambassador
Cathy	Eminoni	Program Officer

UNDP

Jacque	Badcock	Country Representative
Jan-Jilles	Van Der Hoeven	Deputy Resident Representative
Michelle	Rooney	Assistant Resident Representative

World Bank

Benson	Ateng	Country Manager
Andriy	Storozhuk	Senior Economist
Zahid	Hasnain	Public Sector Specialist

Implementing Partners

Advisory Support Facility (ASF)

Geoff	Elvy	Director
David	Meehan	Deputy Director

Samson	Vartovo	Deputy Director
Tracey	Johnson	Deputy Director

Public Sector Workforce Development Program (PSWDP)

Angori	Wewerang	Director
Hiap	Kila	Program Coordinator
Junelyn	Veratau	Office Manager

PNG-Australia Targeted Training Assistance Facility (PATTAf)

Phil	Robson	Facility Director
Vivian	Carrol	Training Manager
Steve	Miller	SGP Capacity Building Adviser
John	Mellors	SGP Capacity Building Adviser
Keith	Smailes	SGP Capacity Building Adviser

Annex 6 – Selected References

Government of PNG

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Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability (2005)

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Annex 7 – Position Description for the Public Sector Adviser

Background

The EPSP represents a new phase of Australia’s cooperation with PNG to improve economic and public sector management. It replaces the ASF and will address the needs of central agencies in their role as key enabling institutions supporting effective government in PNG, with a focus on the equitable delivery of services to the men and women of PNG. Through EPSP, whole-of-government resources will be targeted to supporting central agencies to achieve their reform priorities and enhance their contribution to the monitoring and improvement of service delivery.

The program will facilitate high level PNG coordination and management of resources by working directly through PM&NEC, to the CACC. At the agency level, the program will build stronger relationships and foster joint problem identification, development of support packages and teamwork. EPSP will formalise relationships, in many cases building on existing relationships, through Partnerships for Capacity Development. Additional support for partnership initiatives will be provided through the establishment of a Capacity Development Fund, comprising up to 30 per cent of the program value.

To support both governments in this partnership approach a full time Public Sector Adviser is required. The Adviser will be located initially in AusAID’s PNG Country Office and will work closely with AusAID, partner agencies, the Program Director and Program Office, SGP Team Leaders and external stakeholders. The Adviser will provide strategic advice to both governments on public sector management and reform and how EPSP can best support this. The Adviser will also enable coherence of priorities and activities within EPSP and with the broader aid program, in particular with SGP and the Sub-National Strategy.

Terms of Reference

The Public Sector Adviser is a challenging high-level role that will:

- Work closely with AusAID, PNG partner agencies and the Program Director to provide advice and strategic guidance on public sector management and reform issues, particularly as they relate to the implementation of EPSP;
- Work closely with AusAID, PNG partner agencies and the Program Director to enable coherence of priorities and activities within EPSP, and identify proposals that can achieve quick wins that will establish program and government credibility;
- Support policy dialogue between Australia and PNG on public sector issues, particularly in relation to priority setting through the annual Strategic Framework and Partnerships for Capacity Development, and measuring progress towards achieving the goal and result areas under EPSP;
- Enable coherence of program priorities and activities with other AusAID programs, in particular with the Sub-National Strategy, and enable cross-program learning and coordination;

- Work closely with SGP Team Leaders and AusAID’s Policy Coordinator co-located in the CACC Secretariat to enable coordination and coherence of all Australian whole-of-government inputs in the sector;
- Operate in accordance with the principles of aid effectiveness set out in the EPSP design, and consistent with the PNG Commitment on Aid Effectiveness, including coordination with development partners and using and strengthening GoPNG systems;
- Prepare sector performance information and undertake research and analysis and selected issues-based evaluation studies; and
- Work in a way that promotes gender equality, is sensitive to cultural and gender issues in PNG, promotes awareness of HIV and AIDS and promotes principles of good governance.

Skills, knowledge and experience

The Public Sector Adviser will have the following skills, knowledge and experience:

- Demonstrated understanding of the role and functions of public administration in a modern democracy;
- Significant experience with developing country (and preferably PNG) public sector systems and organisations to manage and implement public resources to deliver services;
- Demonstrated ability to provide high quality advice and strategic guidance on public sector management and reform issues, preferably in a developing country context;
- Demonstrated ability to establish strong professional networks and relationships across domestic and international organisations, including partner government agencies, involved in the economic and public sector;
- Demonstrated knowledge and experience of development assistance programs and ability to apply the principles of aid effectiveness;
- Demonstrated understanding of the range of capacity development approaches and their appropriateness to different contexts and needs;
- Demonstrated understanding and commitment to principles of gender equality and gender mainstreaming, including how these can be integrated into capacity development approaches;
- Demonstrated ability to work effectively in a large organisation and to contribute towards organisation-wide improvements in work practice and outcomes;
- Exceptional interpersonal and communication skills, including the ability to convey concepts clearly and to understand and meet the needs of a range of stakeholders; and
- Understanding of HIV mainstreaming principles and how these can be integrated into capacity development approaches.

Working with AusAID PNG

The Public Sector Adviser will be contracted to and managed by AusAID's PNG Country Office in close coordination with PM&NEC, other partner agencies and the Program Director. The Adviser will report to the AusAID Counsellor, Governance, and to the First Secretary, Economic and Public Sector Governance on a day-to-day basis. AusAID plays a key role in setting the strategic direction of the program and has responsibility for overall management and coordination of AusAID's assistance to the economic and public sector.

Working with the EPSP Program Office

AusAID and GoPNG will jointly undertake a competitive international tender process to select a Managing Contractor, which will support program implementation and establish a Program Office in Port Moresby, led by a Program Director. While the Public Sector Adviser will be located initially in AusAID's PNG Country Office, s/he will be required to collaborate on a day-to-day basis with the Program Office. The Adviser will work closely with the Program Director and other Program Office technical personnel including the Capacity Development Specialist, Gender Specialist and M&E Specialist. In addition to the Adviser's strategic and coordination roles, s/he will support the Program Director in the management and implementation of EPSP, in particular reporting to the PMG, CACC and AusAID.

The Adviser will *not* be directly involved in decisions related to the contract between the Managing Contractor and AusAID. Nor will the Adviser be directly involved in performance management or day-to-day management of Program Office personnel or contracted inputs under EPSP; advisers, training providers, researchers, etc will report to the Program Director and the relevant PNG Agency Head.

Annex 8 – Terms of Reference for Key Personnel and Specialist Inputs

Program Director

The Program Director will have overall responsibility for managing the Program Office on behalf of AusAID and will provide strategic and operational input and support to EPSP on behalf of GoPNG and GoA. The Program Director will report on program performance to the EPSP PMG, CACC and AusAID. The Program Director is a full-time position based in the Program Office.

Key responsibilities:

- Working closely with, and providing flexible support to PNG partner agencies through Partnerships for Capacity Development and the Capacity Development Fund, as well as providing advice and guidance on operational and policy issues and on the management and implementation of EPSP;
- Working closely with AusAID, the Public Sector Adviser and SGP Team Leaders to engage with PNG economic and public sector issues and implement the EPSP in partnership with GoPNG, particularly through the PMG;
- Working closely with the PMG and AusAID to support overall joint GoA/GoPNG management of EPSP, and develop and implement the annual Strategic Framework;
- Working closely with the PMG and AusAID to monitor progress in implementing the annual Strategic Framework and the program overall, and use performance information to support decision-making processes;
- Support high quality activity proposals within the agreed capacity development approach and in line with program operating principles;
- Operate in accordance with the principles of aid effectiveness set out in the EPSP design, including using and supporting PNG systems, maintaining constructive working relationships within partner agencies, with external stakeholders, and with broader aid program personnel; and
- Monitor the effectiveness of the program at an operational or outcomes level, with particular focus on the Partnerships for Capacity Development and gender and HIV mainstreaming approaches.

Skills, knowledge and experience:

- Proven senior program management experience including the leadership of a large program comprising diverse forms of support and personnel from varied professional, cultural and language backgrounds;
- Significant experience in strategic, public sector and/or economic management, preferably in a developing country context;
- A sound (and/or the capacity to acquire an) understanding of the PNG development context;

- Demonstrated understanding of the range of capacity development approaches and their applicability to different contexts and needs;
- Demonstrated commitment to gender equity and HIV mainstreaming in human resource practices;
- High level interpersonal and cross-cultural skills, and
- Counselling, mediation and problem solving experience in complex environments.

In addition, the Program Director will be expected to:

- Advise the PMG (and CACC where appropriate) on strategic and critical performance issues, ensuring advice is given early and solutions are proposed which are practical, cost effective and give primacy to AusAID and GoPNG interests;
- Support coordination and coherence of EPSP with other parts of the Australian aid program and with development partners to enable cross-program learning and coordination;
- Plan and monitor the work of EPSP, on behalf of the PMG and AusAID;
- Establish and provide quality control for all plans, reports, systems, outputs and contract management;
- Manage (using program resources) all placements, including initial induction and orientation, ongoing support and training, trouble shooting, counselling for performance;
- Monitor EPSP progress, make recommendations about appropriate actions, including managing risk;
- Provide motivation and leadership by fostering a collaborative approach to work challenges within the Program Office, between advisers and host agencies and between AusAID and its partners;
- Oversee the disbursement of EPSP funds, including the Capacity Development Fund, and certify payments in accordance with agreed procedures; and
- Performance management, monitoring and evaluation of contracted program inputs, in partnership with GoPNG agencies; and
- Enable the heightening awareness of gender related issues and HIV/AIDS in PNG through EPSP activities and placements.

Capacity Development Specialist

The Capacity Development Specialist will ensure that program-sponsored activities target and increase the opportunity for the development of competencies and capabilities in individuals, groups or organisations supported by the program. The Capacity Development Specialist will also enable capacity development strategies and outcomes to be consistent across the program, including with SGP. This is a full-time position based in the Program Office.

Key responsibilities:

- Establishing and managing an integrated capacity development strategy, including enhancing gender equity outcomes, in support of program initiatives;
- Working with the Program Director, Monitoring and Evaluation Specialist and partner agencies to enable capacity development impacts to be appropriately monitored and reported;
- Supporting partner agencies to use diagnostic tools to analyse capacity issues crucial to improving agency performance and more effective implementation of corporate plans and annual action plans;
- Providing technical support to SGP to enable a consistent approach to capacity development within the economic and public sector; and
- Working with AusAID to ensure the “Making a Difference” program is appropriately managed and implemented within the context of EPSP.

Skills, knowledge and experience:

- Demonstrated experience and understanding of contemporary capacity development strategies and systems;
- A thorough understanding and/or experience of the capacity development needs of partner agencies in the PNG context;
- Excellent interpersonal and cross-cultural skills;
- Demonstrated commitment to gender equity and HIV mainstreaming in human resource practices; and
- Ability to liaise and keep up-to-date remotely.

In addition, the Capacity Development Specialist will be expected to:

- Assess the current levels of capacity within partner agencies and use this information to assist EPSP to develop Partnerships for Capacity Development and the annual Strategic Framework;
- Document opportunities for ongoing capacity development within the overall context of EPSP;
- Establish agreed and realistic targets for capacity development within the overall context of EPSP;
- Examine opportunities for linking identified targets to incentives supported by EPSP; and
- Ensuring capacity development strategies and opportunities enhance gender equity outcomes within the overall context of EPSP.

Gender Specialist

Activities sponsored by EPSP will be subject to a gender and equity analysis to anticipate and determine likely impacts and to suggest options and opportunities for maximising positive equity and quality outcomes across partner agencies and GoPNG in general. The Gender Specialist will support this analysis and, in collaboration with the AusAID Gender and Equity Adviser, enable gender and equity methodologies and strategies to be consistent across the program. This is a full-time position based in the Program Office.

Key responsibilities:

- Ensuring program activities adequately address gender and other equity imperatives, and that they contribute to achieving a public service which promotes equal opportunities and is free from discrimination;
- Assist with the implementation of more equitable human resource policies and systems;
- Assist with the determination and publishing of gender disaggregated data which allows government to assess and analyse the impact of budget decisions within an equity framework and improve the current scarcity of public information in this area; and
- Support the introduction of budget gender analysis to assess broad based impacts.

Skills, knowledge and experience:

- Demonstrated experience and understanding of contemporary gender and equity strategies and systems, in particular AusAID and GoPNG policies;
- A thorough understanding and/or experience of the gender and equity needs of partner agencies in the PNG context;
- An understanding and appreciation of gender and equity issues and needs in an economic and public sector reform environment;
- Mainstreaming and adult learning understanding and experience;
- Excellent interpersonal and cross-cultural skills; and
- Ability to liaise and keep up-to-date remotely.

In addition, the Gender and Equity Specialist will be expected to:

- Work closely with the ODW and key partners to enable gender and equity priorities to be mainstreamed throughout the program;
- Assess the current levels of capacity within partner agencies, particularly ODW and M&NEC to support gender and equity initiatives and use this information to assist EPSP to manage gender and equity activities;
- Assist with the development of EPSP gender and equity strategy/plans and the identification of appropriate expertise, particularly within PNG and the region;
- Ensure EPSP places special attention to working in the areas of gender violence and gender advocacy; and

- Ensure EPSP gender and equity practices are closely aligned with program support for HIV mainstreaming.

Monitoring and Evaluation Specialist

M&E in EPSP will allow both governments to continually calibrate implementation to maintain progress towards results and outcomes. The M&E specialist will support both countries' increasing commitment to managing for development results and a greater performance orientation, while also investing in opportunities for learning and incorporating qualitative techniques to capture the depth and breadth of change experiences. The M&E Specialist will enable M&E methodologies and strategies to be consistent across the program. This is a full-time position based in the Program Office.

Key responsibilities:

- Ensure the EPSP M&E Framework is appropriately managed, updated and implemented as per the design;
- Develop the methodology for the Facilitated Performance Analysis;
- Facilitate the structured Contribution Dialogue as a basis for the contribution analysis;
- Coordinate the collection of all the evidence on changes, including gender and equity data, in the areas of EPSP work with information about other GoPNG, AusAID and donor programs also operating in those areas;
- Support the Program Director with all monitoring, evaluation and reporting activities;
- Provide targeted and agreed technical support to GoPNG agencies; and
- Enable EPSP to meet all GoPNG and AusAID reporting requirements.

Skills, knowledge and experience:

- Demonstrated experience and understanding of contemporary M&E strategies and systems;
- A thorough understanding and/or experience of the M&E needs of partner agencies in the PNG context;
- Excellent interpersonal and cross-cultural skills;
- Ability to liaise and keep up-to-date remotely; and
- Demonstrated commitment to gender equity within an M&E context.

In addition, the M&E Specialist will be expected to:

- Assist with the review of the M&E framework after mobilisation, through a participatory M&E workshop so that it utilises current GoPNG systems to the greatest extent possible, and to maximise the value of data and reporting tools for GoPNG;

- Assist with the development of evaluation plans and with the identification of appropriate expertise, particularly within PNG and the region;
- Assist with, and in some cases lead, the management and implementation of the EPSP periodic issues-based evaluation studies; and
- Ensuring M&E strategies and opportunities enhance gender equity and HIV/AIDS mainstreaming outcomes within the overall context of EPSP.

Training and Learning Specialist Inputs

EPSP will support targeted training to address key skills deficits specific to an agency within a coherent capacity development approach. On-the-job coaching, short-term targeted courses (either in-country or regionally) and twinning arrangements will be supported to enhance skills in partner government agencies. Training and learning specialist inputs will support these activities. The Managing Contractor will propose the extent and structure of the inputs during the Tender process.

Key responsibilities:

- Develop a targeted training strategy for EPSP which incorporates proven success factors;
- Coordinate and support targeted training initiatives endorsed by other AusAID programs required beyond EPSP;
- Coordinate and support twinning initiatives supported and endorsed by EPSP;
- Work with partner agencies to effectively use incentive-based grants for targeted training activities as part of the integrated response of a Partnership for Capacity Development;
- Enable training and learning strategies and opportunities to enhance gender equity outcomes within the overall context of EPSP; and
- Facilitate adult learning strategies, particularly in support of gender and equity objectives, to be developed and used across all capacity development initiatives supported by EPSP.

Skills, knowledge and experience:

- Demonstrated experience and understanding of adult training and learning methodologies, strategies and systems appropriate to the PNG context;
- A thorough understanding and/or experience of the training and learning needs of partner agencies in the economic and public sector context;
- Demonstrated commitment to gender equity and HIV mainstreaming in human resource practices,
- A proven ability to establish agreed and realistic training and learning targets, including gender and equity objectives;
- Excellent interpersonal and cross-cultural skills; and

- Ability to liaise and keep up-to-date remotely.

In addition, training and learning specialist inputs will be expected to:

- Manage the integration of mentor systems; participant follow-up action planning; prudent selection of participants; in-depth scoping of training needs and course specifications; supporting networks within Government and training providers; accessing specialist experts; and monitoring training within the context of EPSP and other AusAID targeted training needs; and
- Support training and learning activities required for the mainstreaming of HIV and gender and equity initiatives throughout EPSP.

Information and Communication Specialist Inputs

EPSP will support an information and communication strategy regarding public sector improvement initiatives. Research and analysis will be closely linked to information, data and communication initiatives. This will contribute to improved service delivery by providing valid data and information to public servants and organisations delivering goods and services, as well as informing public sector end-users and consumers. Information and communication specialist inputs will support EPSP, partner agencies and associated AusAID programs with the management and implementation of communication activities in support of the program. The Managing Contractor will propose the extent and structure of the inputs during the Tender process.

Key responsibilities:

- The development and implementation of a program communication and information strategy to collate and disseminate appropriate data between and across key partners and stakeholders;
- Complete an assessment of the availability of key information and of communication pathways to facilitate the use and application of technical diagnostics;
- Manage and implement regular seminars for GoPNG officials and advisers, a program newsletter with wide distribution outlining common themes and public sector developments, and wide circulation of a summarised annual Strategic Framework; and
- During the first year initiate work with partner agencies to support planning for adequate communications facilities throughout the country.

Skills, knowledge and experience:

- Demonstrated experience and understanding of communication strategies and systems appropriate to the PNG context;
- A thorough understanding and/or experience of the communication needs of partner agencies in the economic and public sector context;
- Demonstrated commitment to gender equity and HIV mainstreaming in human resource practices;

- Excellent interpersonal and cross-cultural skills, and
- Ability to liaise and keep up-to-date remotely.

In addition, information and communication specialist inputs will be expected to:

- Assess the current levels of capacity within partner agencies to support communication initiatives and use this information to assist EPSP to manage communication activities;
- Assist with the development of communication plans and with the identification of appropriate expertise, particularly within PNG and the region;
- Establish agreed and realistic targets for communication outcomes within the overall context of EPSP; and
- Ensuring communication strategies and opportunities enhance gender equity outcomes within the overall context of EPSP.

HIV Mainstreaming Specialist Inputs

EPSP will mainstream HIV initiatives and activities across the program. All program personnel will be skilled, trained and supported by EPSP, through HIV mainstreaming specialist inputs to maximise the opportunity to impact upon appropriate HIV strategies within the PNG public sector. All activities supported by EPSP will be subject to a mainstreaming analysis to anticipate and determine likely impacts and to suggest options and opportunities for addressing HIV issues across partner agencies and GoPNG in general. HIV mainstreaming specialist inputs will also enable gender and equity methodologies and strategies to be consistent across the program. The Managing Contractor will propose the extent and structure of inputs during the Tender Process.

Key responsibilities include:

- Ensuring program activities adequately address HIV imperatives, and that they contribute to achieving a public service which promotes activities in support of HIV and AIDS opportunities and is free from associated discrimination;
- Assist with mainstreaming of HIV initiatives which will result in the implementation of stronger and more appropriate HIV and AIDS human resource policies and systems; and
- Assist with the collection and appropriate use of HIV and AIDS (disaggregated) data which allows government and the program to assess and analyse the impact of budget decisions within an HIV and AIDS framework.

Skills, knowledge and experience:

- Demonstrated experience and understanding of contemporary HIV and AIDS mainstreaming strategies and systems, in particular AusAID and GoPNG policies;
- A thorough understanding and/or experience of the HIV/AIDS environment and the needs of partner agencies in the PNG context;

- An understanding and appreciation of HIV and AIDS issues and needs in an economic and public sector environment;
- Excellent interpersonal and cross-cultural skills;
- Mainstreaming and adult learning understanding and experience, and
- Ability to liaise and keep up-to-date remotely.

In addition, HIV mainstreaming specialist inputs will be expected to:

- Work closely with the ODW and key partners to enable HIV and AIDS strategies to be mainstreamed throughout the program;
- Assess the current levels of capacity within partner agencies, particularly ODW and PM&NEC to support HIV and AIDS initiatives and use this information to assist EPSP to appropriately manage HIV and AIDS activities;
- Assist with the development of a EPSP HIV and AIDS strategy/plans and with the identification of appropriate expertise, particularly within PNG and the region; and
- Ensure EPSP HIV mainstreaming practices are closely aligned with program support for gender and equity strategies.

**SCHEDULE TO THE PAPUA NEW GUINEA – AUSTRALIA
PARTNERSHIP FOR DEVELOPMENT**

Priority Outcome 4: Public Service

PARTNERSHIP FOR DEVELOPMENT

BETWEEN

THE GOVERNMENT OF PAPUA NEW GUINEA

AND

THE GOVERNMENT OF AUSTRALIA

The Papua New Guinea-Australia Partnership for Development was formalised by Prime Minister Grand Chief Sir Michael Somare and Prime Minister Kevin Rudd during the Pacific Forum Leaders' Meeting held in Niue on 20 August 2008. The Partnership for Development initiative represents a new era of cooperation between Australia and Papua New Guinea and other Pacific Island nations. The initiative provides the guiding and practical framework for the implementation of the Port Moresby Declaration that was announced by Prime Minister Rudd on 6 March 2008.

The Papua New Guinea-Australia Partnership for Development is founded on the principles of mutual understanding, mutual respect and mutual responsibility for improved development outcomes. The Partnership reflects the shared vision of the two Governments to work together to meet the common challenges and to improve the quality of life of all Papua New Guineans. Specifically, the Partnership seeks more rapid progress towards poverty reduction and the other Millennium Development Goals by 2015. To this end the Papua New Guinea-Australia Partnership has identified an initial five priority outcomes that will help secure the end objective of improved living standards for all Papua New Guineans.

**PRIORITY OUTCOME 4: AN EFFICIENT AND EFFECTIVE
PUBLIC SERVICE**

(i) Aim of the Partnership

The Government of Papua New Guinea and Government of Australia have agreed to pursue significant measurable progress towards achieving an efficient and effective public service in Papua New Guinea by 2015.

The Papua New Guinea–Australia Partnership for Development (Partnership) will support Papua New Guinea-led programs to improve public administration at national, provincial and district levels, and programs to strengthen public financial management throughout government, towards the targets of:

- Improved public sector management, measured by an improvement in the World Bank Institute (WBI) Government Effectiveness Score.
- An increased percentage of Papua New Guinea’s Public Expenditure and Financial Accountability assessment scores being rated A or B.
- More provinces spending a greater proportion of available funds on basic service delivery, as measured by three National Economic and Fiscal Commission (NEFC) indicators.¹

Improving living standards in Papua New Guinea and making progress against the Millennium Development Goals (MDGs) requires an effective and efficient public service that has the capacity (in its systems, organisations and people) to manage public resources in an accountable and cost effective manner. Under the Partnership the primary focus will be building this capacity over the long term to enable the public service to deliver better services and an environment conducive to broad-based economic growth.

The Partnership will operate within the framework of, and be responsive to, the Government of Papua New Guinea’s policies for public sector management and reform. This includes the Medium Term Development Strategy 2005-2010 (MTDS), the Medium Term Fiscal Strategy 2008-2012 (MTFS) and the Public Expenditure Review and Rationalisation (PERR). The Government of Papua New Guinea is currently developing a Long Term Development Strategy 2010-2030 (LTDS) and National Strategic Plan 2010-2050 which will be supported by a new Public Sector Reform Strategic Plan for Improving Service Delivery in Papua New Guinea. Once these plans are finalised, this Schedule will be amended to incorporate new commitments and activities that are jointly agreed by both governments.

A major challenge for the Government of Papua New Guinea is adequately resourcing the national, provincial, district and local levels of government to enable them to fulfil their service delivery roles and responsibilities, while maintaining a sustainable national fiscal policy. This requires that all levels of government improve the prioritisation, use

¹ This replaces the original indicator, which is no longer measured by the NEFC (An increasing number of provinces rated as performing above the National Economic and Fiscal Commission Public Expenditure score pass mark.)

and management of funds to provide basic services. Other equally important issues are limited human capacity and lack of participation of women in the public service.

Consistent with the *Papua New Guinea Commitment on Aid Effectiveness*, the Government of Australia is committed to supporting Government of Papua New Guinea-led programs and using and strengthening Government of Papua New Guinea systems and procedures wherever possible. Moreover, under the *Papua New Guinea Commitment on Aid Effectiveness*, the Government of Australia will work in close collaboration with other development partners. The mobilisation of all Technical Assistance to support the Partnership will be in line with the *Technical Assistance Protocol* under the *Papua New Guinea Commitment on Aid Effectiveness*.

(ii) Costing and Timeframe

The Government of Papua New Guinea and Government of Australia take a long-term view to reinvigorating the public service, and recognise that the implementation of initiatives in this Schedule may require a sustained funding commitment for the duration of the Partnership. While in a broad sense the public sector encompasses all the operations of government, the focus of this Schedule is on the jointly agreed programs that are designed specifically to strengthen key administrative functions of the public sector to support improved service delivery². These programs are outlined in Section IV (Implementation Strategy) of the Schedule, with indicative costing information presented in Table 1 below.

Both Governments acknowledge that capacity building in the Government of Papua New Guinea's public sector will flow from incremental improvements at a locally defined pace. As such, progress and costings for the Public Service Schedule will be jointly reviewed on an annual basis in accordance with Section 4 (Governance and Review) of the Partnership. The indicative costing information presented in Table 1 should be viewed in this context, and interpreted as the minimum level of jointly agreed commitments over the period 2010 to 2015.

The Government of Papua New Guinea and Government of Australia acknowledge the importance of sustainably increasing funding to agreed Partnership priorities over the period to 2015.

Funding allocations to Partnership priorities will be determined in the context of each country's annual budget process and will take into account progress in implementing mutually agreed commitments under the Partnership. Multi-year funding projections will be included in the Implementation Schedules of the Partnership and updated annually.

The funding requirement for achieving the objectives in the Partnership will be derived primarily from:

- Redirection of Papua New Guinea's recurrent and development expenditures towards the Partnership Priority Outcomes and away from lower priority and/or ineffective programs, including allocations from funds held in trust, and improved cost effective implementation across all programs. Where necessary,

² The programs that directly support service delivery itself (i.e the delivery of basic education and health services) are addressed by the other Schedules to the Partnership.

Papua New Guinea will seek technical assistance to strengthen capacity in the relevant implementing agencies;

- Increased levels of development assistance from Australia, consistent with the Partnership commitment, and a reprogramming of overall assistance towards the Partnership Priority Outcomes. Increased funding from other development partners, through increased aggregate development assistance and/or a reprogramming of existing activities;

And to a more limited extent from:

- Contributions from Sub-National Government revenue and local communities's fees and in-kind-contributions; and
- Real growth in Papua New Guinea's aggregate expenditure program, consistent with the Medium Term Fiscal Strategy.

Table 1: Priority Programs: An Efficient and Effective Public Service

	Funding Amount 2010-2015 ³
Strongim Gavman Program Australia PNG	Up to A\$180m over 6 years (A\$30m in 2010) NA
Economic and Public Sector Program (replacing ASF in 2010) Australia PNG <i>Including following priorities:</i>	Up to A\$120m over 6 years (A\$20m in 2010) NA
Capacity Development Fund Australia PNG	Up to A\$6m over 6 years (up to A\$0.5m in 2010) NA
Public Sector Workforce Development Program Australia PNG	Up to A\$6m over 6 years (A\$1m in 2010) Maintain at least at 2009 Development Budget allocation (K2m)
PNG Institute of Public Administration Australia PNG	Up to A\$9m over 6 years (A\$1m in 2010) Maintain at least at 2009 Recurrent Budget allocation (K5.8m)

³ Papua New Guinea recurrent budget forward cost estimates will be indexed in line with Government of Papua New Guinea budget policy.

	Funding Amount 2010-2015 ³
Provincial Capacity Building Program – Dept of Finance Australia PNG	A\$1m in 2010 (out-years subject to review) Maintain at least at 2009 Development Budget allocation (K0.2m)
Central Supply and Tenders Board Australia PNG	Up to A\$6m over 6 years (A\$1m in 2010) Maintain at least at 2009 Recurrent Budget allocation (K2.2m)
Internal Audit – Dept of Finance Australia PNG	Up to A\$5m over 6 years (A\$0.5m in 2010) Increase by at least K1m above 2009 Recurrent Budget allocation (K3.2m)
Office of the Auditor-General Australia PNG	Up to K5m over 3 years (K1.5m in 2010) Maintain at least at 2009 Recurrent Budget allocation (K14.2m)
Sub-National Strategy Australia PNG <ul style="list-style-type: none"> • Provincial Function Grants • Provincial Performance Improvement Initiative • Reforms Secretariat (PLLSMA) 	A minimum A\$150m over 6 years (A\$25m in 2010) 2009 Recurrent Budget allocation: K180.4m 2009 Development Budget allocation: K1m 2009 Development Budget allocation: K1.2m

Under this Schedule to the Partnership, the majority of support from the Government of Australia will initially be technical assistance. Both the Government of Papua New Guinea and Government of Australia recognise that for the duration of the Partnership, there will be a reduction in the levels of technical assistance as a proportion of overall development assistance. The annual Partnership Dialogue will provide a forum for considering alternative forms of assistance in light of the development results achieved.

Consistent with the Paris Declaration and *Papua New Guinea Commitment on Aid Effectiveness*, it is acknowledged that expenditure commitments under the Partnership need to be considered within the Government of Papua New Guinea's existing Budget process and financial framework, including the MTFs 2008-2012. As a result, the initiatives in this Schedule will be selected to best achieve the specific priority outcomes and targets which meet the objectives of the Partnership.

(iii) Measurement

The indicators to measure progress towards achieving an efficient and effective public service in Papua New Guinea are captured at two levels: system-wide level and activity level. The three tools listed below will measure progress at the system-wide level on a periodic basis. This will be complemented by activity level indicators, listed in Annex 1.

- Improved public sector management, measured by an improvement in the **World Bank Institute (WBI) Government Effectiveness Score**. This indicator considers six dimensions of governance, all of which are important to development and accelerating progress towards the MDGs. This Priority Outcome will take particular note of the dimensions of Government Effectiveness, Regulatory Quality and Control of Corruption.
- An increased percentage of Papua New Guinea's **Public Expenditure and Financial Accountability (PEFA) assessment scores** being rated A or B. PEFA considers seven areas, all of which will be monitored and reported. These areas are: credibility of the budget; comprehensiveness and transparency; policy based budgeting; predictability and control of budget execution; accounting, recording and reporting; external scrutiny and audit; and donor practices.
- More provinces spending a greater proportion of available funds on basic service delivery, measured using three **National Economic and Fiscal Commission (NEFC) indicators**: the number of provinces rated 'good' under the NEFC Provincial Expenditure Review 'function grant expenditure nature test'; the number of provinces rated 'less than 5%' for unspent function grants according to the annual NEFC Provincial Revenue Study; and the number of provinces rated 'high' on spending performance level for health, education and infrastructure maintenance.

Under this Schedule to the Partnership, the Government of Australia will also annually report on the percentage of development assistance that is used for the provision of technical assistance.

(iv) Implementation Strategy

The Partnership will prioritise and coordinate resources from the Government of Papua New Guinea and Government of Australia to improve public administration in Papua New Guinea at national, provincial and district levels. Resources will target the three jointly agreed focus areas outlined below. These are considered essential for improving public service performance and service delivery.

Through the Partnership, both the Government of Papua New Guinea and Government of Australia agree to support increased funding for devolved service delivery by provincial, district and local level administrations. Ensuring these funds are efficiently and effectively managed is particularly important given the increased level of funds available through Function Grants and the District Services Improvement Program.

Australian assistance will be delivered through three mechanisms: Economic and Public Sector Program (EPSP)⁴, Strongim Gavman Program (SGP) and Sub-National Strategy (SNS).⁵ The EPSP and SGP principally support central agencies as key institutions in PNG. The SNS supports provincial governments and their districts, primarily through the Government of Papua New Guinea's Provincial Performance Improvement Initiative (PPII).

⁴ Subject to agreement between the GoPNG and Australia, the EPSP will replace the Advisory Support Facility (ASF) from January 2010.

⁵ Note these mechanisms are able to, and do, support activities outside the jointly agreed focus areas of the Partnership.

Focus Area 1: Public Sector Capacity Development and Performance

Both the Government of Papua New Guinea and Government of Australia recognise that a key to improving service delivery in Papua New Guinea is a well-trained and properly resourced public sector. The parties agree to work together to strengthen the capacity of individuals, work units and agencies, as well as the coordination between agencies at national, provincial and district levels to improve service delivery. While the range of issues affecting the performance of the public sector are numerous - including recruitment practices, pay and conditions, staff structures, communications, and access to services such as transport, education, health, housing, banking, and law and order – through the Partnership, the parties agree to focus on the following support to the public sector:

- **Training:** The Government of Australia will support the Government of Papua New Guinea to deliver its Public Sector Workforce Development Program (PSWDP).
 - The Government of Australia will support the PSWDP's five year Implementation Plan 2008-2012 to provide competency based training to public sector employees at junior, middle and senior executive levels by co-financing up to \$6 million over six years (\$1 million in 2010) to complement the Government of Papua New Guinea's annual development expenditure of at least K2 million.
 - The Government of Australia will work with the Government of Papua New Guinea to develop strategic partnerships between PSWDP and the Australian Public Service Commission and Government Skills Australia. These partnerships will share resources to develop and implement a new Public Sector Training Package under Papua New Guinea's National Qualifications Framework, and provide training to human resource managers and training providers.
 - Based on the Government of Papua New Guinea's review of the operation of the Institute of Public Administration (IPA), the Government of Australia will contribute up to \$9 million over six years (\$1 million in 2010) to implement review recommendations and assist IPA to develop a new Corporate Plan 2010-2015 and provide more relevant and higher quality competency based training. Over the period of the Partnership, the Government of Papua New Guinea will ensure IPA's annual recurrent funding is at least maintained at 2009 levels of K5.8 million.
- **Resources for the Public Sector:** At the request of the Government of Papua New Guinea the Government of Australia may provide resources at national, provincial and district levels to support functional office working environments. SGP will provide work-plan related expenditure. If agreed, EPSP will support a range of workplace initiatives, including training, database management and improved information flows, information technology upgrades and workplace repairs up to \$6 million over six years (\$0.5 million in 2010) through a new Capacity Development Fund. Through SNS, Australia will annually fund PPII Phase 1 and Phase 2 Provinces to receive up to K250,000 and K1,000,000 respectively for capacity building and service delivery priorities.

- **Annual Survey of the Public Service:** The Government of Australia will support the Government of Papua New Guinea to conduct an annual survey and report on the public service in Papua New Guinea to provide coherent and comprehensive information on the profile, cost and performance of the public service, as well as workforce planning and capacity. The results from this survey will form a baseline for tracking the efficiency and effectiveness of the public service over time and will inform any successive work that the Government of PNG may undertake on this issue.
- **National Counterpart Support:** Advisors funded by the Government of Australia will support the capacity development needs of individuals and agencies at national, provincial and district levels. Based on agreed priority capacity needs, the parties will jointly select advisers with appropriate experience to work with Papua New Guinea counterparts to strengthen existing public sector performance and address agreed capacity constraints.

Focus Area 2: Budgeting and Financial Management for Service Delivery

Ensuring that appropriate levels of funding are allocated for core services, such as road transport infrastructure, basic education and primary health, is essential if Papua New Guinea is to achieve its development aspirations. Recently the Government of Papua New Guinea passed legislation to reform inter-governmental financing arrangements. This has led to an increase of 42% in the 2009 budget for Function Grants and has the potential to improve service delivery in the provinces. However, work by the NEFC has shown that in the Provinces too little is spent on service delivery and too much on administration. Schedules 1-3 of the Partnership will enable both partners to monitor expenditure and collectively achieve agreed levels of funding for these core services.

The central challenge for the Government of Papua New Guinea is converting funding into development outcomes. The Government of Papua New Guinea and Government of Australia will work together to ensure that allocated funds are spent in the most efficient and effective manner possible, to deliver the greatest possible development impact. This will be pursued by strengthening budgeting and financial management processes, national and provincial project management, and audit functions.

- **Budgeting:** The Government of Australia will assist the Government of Papua New Guinea to improve budgeting processes at the National, Provincial and District levels. Development and recurrent budgets will be better integrated so that expenditure provides for improved and more sustainable services, and recurrent funding is increasingly used for service delivery rather than administration. The Government of Papua New Guinea commits to increase the National Function Grants to provinces for recurrent services to increase provinces' fiscal capacity to meet their service delivery costs, as costed by the NEFC Cost of Services Study. The Government of Australia will provide technical assistance for this work and to support the quality and coherence of centralised budget processes.
- **Provincial Financial Management:** The Government of Australia will support the Government of Papua New Guinea to strengthen sub-national financial management processes to enable operational funds held at provincial headquarters to reach frontline facilities in districts. This will include provision of capacity development support to Provincial and District Management Teams and Provincial and District Treasuries. The Government of Australia will contribute \$1 million to the Provincial

Capacity Building Program (PCaB) in 2010, with out-year commitments subject to an independent review of the program in 2010. The Government of Papua New Guinea will provide annual development expenditure to implement PCaB as part of its broader Financial Management Improvement Program.

- **Project Management:** The Government of Australia will provide up to \$6 million over six years (\$1 million in 2010) to further strengthen Papua New Guinea's Central Supply and Tenders Board (CSTB), Provincial Supply and Tender Boards (PSTBs) and procurement profession in the public sector of Papua New Guinea. The Government of Australia will support the new CSTB Strategic Corporate Plan 2009-13 through the provision of technical assistance and training. Under the Partnership, the Government of Papua New Guinea will at least maintain annual recurrent expenditure to the CSTB of K2.2 million.
- **Audit:** The Government of Australia will support the Papua New Guinea Department of Finance to build on its initiative to strengthen Internal Audit in National Departments and provinces through the establishment and operation of Audit Committees. This will aim to promote good governance, transparency and accountability in Papua New Guinea's public sector. Subject to a matching commitment by Government of Papua New Guinea, Australia will contribute funding of up to \$5 million over six years (\$0.5 million in 2010) in support of this initiative with the aim of increasing the number of Internal Audit Committees operating in the public sector. The Government of Papua New Guinea will increase funding to the Department of Finance for Internal Audit by at least K1 million above the 2009 Recurrent Budget allocation of K2.2 million.

The Government of Australia will also continue to work with the Government of Papua New Guinea to strengthen the Papua New Guinea Office of the Auditor-General to perform independent audits, including at sub-national levels of government, and report findings effectively to Parliament and the Public Accounts Committee. The Government of Australia will contribute up to K5 million over three years initially (K1.5 in 2010) through a new Support to Auditor-General's Office (SAGO) Fund. The Government of Papua New Guinea will at least maintain annual recurrent funding to the Office of the Auditor-General of K14.2 million.

Focus Area 3: Coordination and performance management of all levels of government

Papua New Guinea has a decentralised system of government. For effective service delivery to occur, each level of government must understand and fulfil its roles and responsibilities. In addition, the machinery of government at the national level must work in a coordinated and coherent way so that policy-making is results-focused, evidence-based, transparent and accountable. The Government of Papua New Guinea and Government of Australia agree that good communication and strong performance monitoring and management must underpin any system of government to ensure compliance, effectiveness and outcomes.

The Government of Papua New Guinea's key strategy for improving public administration at provincial, district and local levels is the PPII. PPII is implemented by the Department of Provincial & Local Government Affairs in partnership with the Department of National Planning & Monitoring and the Australian Agency for

International Development (AusAID). Other key partners include the NEFC, National Research Institute and provinces, districts and local level governments.

- **Intra-Government Coordination:** Under the Partnership, the Government of Australia will support the Government of Papua New Guinea through SNS in the ongoing clarification and reinforcement of the functional responsibilities of each level of government and the coordination and performance monitoring of each level of government through the Provincial and Local-Level Service Monitoring Authority (PLLSMA) and Provincial Coordinating and Monitoring Committees. The Government of Australia will also support the Government of Papua New Guinea's efforts to strengthen all levels of government to improve policy-making and performance management to ensure that it is evidence-based, coordinated and outcomes-focused.
- **Expansion of PPII:** The PPII has recently expanded rapidly requiring a greater financial contribution from the parties. The Government of Australia will support PPII under its SNS program, which will receive \$25 million in 2010 to a minimum of \$150 million for the duration of the Partnership. Papua New Guinea will also increase its contribution to the PPII over the life of the Partnership. Government of Australia will continue to support the Government of Papua New Guinea's leadership of PPII, including in the coordination of donors, to ensure that emerging improvements in public administration are translated into improvements in service delivery.

Annex 1 – Measurement

Based on the baseline information in this annex, interim performance targets to 2015 under this Schedule will be jointly agreed by the Government of Papua New Guinea and Government of Australia prior to the 2010 PNG-Australia Ministerial Forum.

Table 2: System-wide level indicators agreed under Priority Outcome 4:

	Baseline (2007/2008)
WBI Government Effectiveness Score:	
Government Effectiveness	25.1%
Regulatory Quality	30.1%
Control of Corruption	9.2%
Public Expenditure and Financial Accountability assessment:	
Credibility of the budget	50.0%
Comprehensiveness and transparency	33.3%
Policy based budgeting	50.0%
Predictability and control of budget execution	33.3%
Accounting, recording and reporting	0.0%
External scrutiny and audit	0.0%
Donor practices	0.0%
NEFC measurements of provincial expenditure on basic service delivery:	
The number of provinces rated GOOD under the NEFC Provincial Expenditure Review 'function grant expenditure nature test' (<i>Source: NEFC Annual Provincial Expenditure Review 2007</i>)	
Health:	8/18
Education:	7/18
Transport infrastructure maintenance:	6/18
Village courts allowances:	15/18
Village courts operations:	10/18
Agriculture:	n/a
The number of provinces rated 'less than 5%' for unspent function grants according to the annual NEFC Provincial Revenue Study (<i>Source: NEFC Annual Provincial Expenditure Review 2007</i>)	
Health (average unspent across all provinces 30%)	3/18
Education (average unspent 29%)	6/18
Transport Infrastructure Maintenance (average unspent 31%)	8/18
Village courts allowances (average unspent 6%)	13/18
Village courts operations (average unspent 17%)	8/15
Agriculture	n/a
The number of provinces rate HIGH on spending performance level for health, education and infrastructure maintenance (<i>Source: NEFC Annual Provincial Expenditure Review 2007</i>)	
Health (average rating of 'LOW' across all provinces)	1/18
Education (average rating of 'MEDIUM')	5/18
Transport Infrastructure Maintenance (average rating of 'LOW')	0/18
Proportion of Government of Australia development assistance (per cent) in the Public Service Schedule used for technical assistance.	69%

Table 3: Activity-level indicators agreed under Priority Outcome 4:

	Baseline (2007/2008)
Focus Area 1: Public Sector Capacity Development and Performance	
Continued funding support for target areas identified in Table 1 of Schedule (Source: National Budget)	n/a
Increasing number of public servants are accredited in core public administration competencies (Source: PSWDP)	853
Increasing number of core public sector competencies are developed as part of the Public Sector Training Package (Source: PSWDP)	6
Increasing number of Institute of Public Administration trainers are qualified to deliver competency-based training under the Public Sector Training Package (Source: PNGIPA)	24
Annual survey and report of the public service conducted and publically released in a timely manner (Source: TBA)	n/a
Effectiveness, efficiency and sustainability of SGP, EPSP and SNS contribution as assessed through the annual performance reports (Source: AusAID Sector Performance Reports)	n/a
Focus Area 2: Budgeting and Financial Management for Service Delivery	
National Function Grants to provinces for recurrent services to progressively increase so that all provinces have the fiscal capacity to meet their service delivery costs, as costed by the NEFC Cost of Services Study (Source: NEFC Cost of Services Study and Treasury Provincial Grants Determinations under the Intergovernmental Relations (Functions and Funding) Act 2009)	In 2008, none of the bottom 7 provinces have enough revenues to meet more than 40% of their costs. In 2009, total Function Grants were 5.1% of 'net national revenues'
National Function Grants to all provinces are applied to the 'minimum priority service indicators' in key sectors of transport, health, education and law & justice (Source: Dept of Treasury quarterly budget reviews)	A Joint Working Group (NEFC/DPLGA/Treasury) developing performance indicators)
Improved ratio of spending on services against administration, measured as a portion of estimated cost, as captured in NEFC's annual Provincial Expenditure Review (Source: NEFC Annual Provincial Expenditure Review 2007)	<100%: 5 provinces 100-200%: 5 provinces >200%: 8 provinces Average: 197%
Increase in the quality and quantity of information on the 'total resource envelope' for sub-national governments (Source: National Budget)	Not currently done outside the recurrent budget
The timely and accurate submission of provincial and district financial statements improves (Source: Dept of Finance)	TBA
The number of government contracts awarded by CSTB and PSTBs progressively increases (Source: CSTB)	305
Increasing number of public servants are accredited in procurement-related competencies (Source: CSTB)	0
The number of Internal Audit Committees and the number of meetings held annually progressively increases (Source: Dept of Finance)	19
The Auditor General submits its annual audit of the public accounts (part 1), and the accounts and records of national governments (part 2), provincial bodies (part 3) and statutory bodies (part 4) to Parliament, and they are tabled as soon as practicable (Source: AGO)	Submitted as at end 2008: PublicAccounts (Part 1) 2006 report National Government (Part 2) 2006 report Provincial bodies (Part 3) 2007 report Statutory Bodies (Part 4) 2006 report
The Public Accounts Committee reviews the reports of the Auditor-General and conducts appropriate inquiries (Source: PAC)	TBA
Focus Area 3: Coordination and Performance management at all levels of Government	
Finalisation and implementation of the Determination on the Roles and	n/a

<i>Responsibilities of Provincial and Local-Level Governments by PLLSMA and regular awareness to national and provincial stakeholders (Source: DPLGA)</i>	
PLLSMA meeting quarterly to coordinate priorities and review service delivery issues and performance (Source: DPLGA)	4 meetings in 2008
Progressive establishment and operation of PCMCs in all provinces, in response to demand (Source: DPLGA)	Established: 8 Operational: 7
Each national agency tables its Annual Report on a timely basis (Source: PM&NEC)	TBA
Each Province provides on a timely basis its s119 Annual Provincial Performance Report and receives feedback and analysis from DPLGA (Source: DPLGA)	13 provinces in 2007

Table 4: Annual progress and resource indicators detailed in the PNG-Australia Partnership for Development:

Economic Management and public financial management
GDP per capita, Purchasing Power Parity (current \$US)
Real GDP per capital growth (annual %)
Inflation (year average)
World Bank Doing Business Survey ranking (out of 175 countries)
World Bank Doing Business Survey – time taken to open a business (days)
Proportion of government spending covered by multi-year spending plans (% of spending)
Proportion of PEFA scores that are rated A or B (%)
PEFA score for procurement (A-D)
Actual expenditure as % of budget for personal emoluments – national agencies and provincial administrations
Average Provincial Public Expenditure management score
Number of provinces above Public Expenditure score pass mark
Public Sector Performance and Governance
World Bank Country Policy and Institutions Assessment Score (1-6)
WBI control of corruption indicator (percentile)
WBI government effectiveness indicator (percentile)
Commitment to poverty reduction
Proportion of GoPNG budget allocated to MTDS expenditure priority areas
Proportion of GoPNG budget allocated to Partnership priority areas

Annual progress (16-29) and resource (1-2) indicators detailed in the PNG-Australia Partnership for Development:

Economic Management and public financial management
GDP per capita, Purchasing Power Parity (current \$US)
Real GDP per capital growth (annual %)
Inflation (year average)
World Bank Doing Business Survey ranking (out of 175 countries)
World Bank Doing Business Survey – time taken to open a business (days)
Proportion of government spending covered by multi-year spending plans (% of spending)
Proportion of PEFA scores that are rated A or B (%)
PEFA score for procurement (A-D)
Actual expenditure as % of budget for personal emoluments – national agencies and provincial administrations
Average Provincial Public Expenditure management score
Number of provinces above Public Expenditure score pass mark
Public Sector Performance and Governance
World Bank Country Policy and Institutions Assessment Score (1-6)
WBI control of corruption indicator (percentile)
WBI government effectiveness indicator (percentile)
Commitment to poverty reduction
Proportion of GoPNG budget allocated to MTDS expenditure priority areas

Proportion of GoPNG budget allocated to Partnership priority areas
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STRONGIM GAVMAN PROGRAM

MANAGEMENT FRAMEWORK

FINAL VERSION

21 MAY 2009

(ENDORSED AT PNG-AUSTRALIA MINISTERIAL FORUM JUNE 2009)

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2. GLOSSARY

A-G	PNG Attorney-General
AGO	PNG Auditor General Office
AHC	Australian High Commission
ASF	Advisory Support Facility
ATO	Australian Taxation Office
AusAID	Australian Agency for International Development
CAA	PNG Civil Aviation Authority
CACC	Central Agencies Coordinating Committee
CASA	Australian Civil Aviation Safety Authority
DCT	Development Cooperation Treaty
DFAT	Australian Department of Foreign Affairs and Trade
DJAG	PNG Department of Justice & Attorney General
DNPM	PNG Department of National Planning & Monitoring
DOF	PNG Department of Finance
DoFAT	PNG Government Department of Foreign Affairs and Trade
DOT	PNG Department of Transport
DPM	PNG Department of Personnel Management
DPMNEC	PNG Department of Prime Minister & National Executive Council
ECP	Enhanced Cooperation Program
ECP Act	Enhanced Co-operation between Papua New Guinea and Australia Act 2004
ECP Treaty	Joint Agreement on Enhanced Cooperation Treaty between Australia and Papua New Guinea 2004
EPSG	Economic and Public Sector Governance
HLC	Annual High Level Consultations between the Government of Papua New Guinea and AusAID
IDC	Inter-Departmental Committee
ICS	PNG Immigration and Citizenship Services

IRC	Internal Revenue Commission (PNG Customs and Taxation)
JSC	Joint Steering Committee
L&J	Law and justice
LJSP	Law and Justice Sector Program
LJSWG	Law and Justice Sector Working Group
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MTDS	Medium Term Development Strategy
NCM	National Consultative Mechanism
NEC	National Executive Council
NLJS	National Law and Justice Sector
PATTS	PNG's Twinning Scheme with the Australian Treasury
PM&NEC	Department of Prime Minister and National Executive Council
PNG	Papua New Guinea
SCM	Sector Coordination Mechanism
TA	Technical Assistance
ToR	Terms of Reference
TSCMIC	Transport Sector Coordination, Monitoring and Implementation Committee
WofG	Whole of Government

3. EXECUTIVE SUMMARY

The Strongim Gavman Program (SGP) is a whole-of-government engagement program involving Australian Government agencies¹ who provide capacity development assistance and advice to counterpart PNG Government agencies. Senior officials from the Australian public sector are placed in PNG Government agencies for two to three years to provide specific public service policy and strategic advice and capacity development, including administrative, leadership and management support. SGP officials can range from the Executive Level to Senior Executive Service officers. These officials work within broader aid program objectives to assist their counterpart agencies to achieve their mandated contributions to economic and sector outcomes.

The overarching goal of the SGP is to assist the PNG Government to strengthen the public sector performance in selected sectors and agencies. Particular focus is given to the implementation of key policies related to promoting growth and reducing poverty, and the quality and outreach of critical services.

The SGP is a mutually beneficial program. It is a program between two partner governments which, while strengthening the capacities of key PNG Government agencies in very specific outcome areas provides an invaluable opportunity to broaden and reinforce relations and collaboration between the two governments on issues of mutual interest. The SGP also strengthens the Australian Government's capacity to understand the complexities and challenges of the development context and public service in PNG, while expanding the skills and experience of SGP officials. The success of the program is contingent on strong ongoing bureaucratic and political commitment to the program at senior levels on both sides.

The SGP forms part of Australia's development cooperation assistance to PNG and contributes to the achievement of the objectives outlined in the PNG Australia Development Cooperation Strategy 2006-10. The SGP does, however, include cooperation in areas (such as border security) not presently covered under the Development Cooperation Strategy. The SGP will also reflect and contribute, where appropriate, to objectives and milestones identified in the PNG-Australia Partnership for Development.

The Governments of Papua New Guinea and Australia agreed at the April 2008 Ministerial Forum in Madang to implement the SGP, the successor to the Enhanced Cooperation Program (ECP). The SGP builds on the strengths of ECP while addressing issues such as the need for a formal capacity development strategy and a monitoring and evaluation framework. It also addresses program management arrangements that reflect the signing of the PNG Commitment on Aid Effectiveness – that is, joint ownership and management of the program by PNG and Australia. It is expected that the SGP management arrangements will be progressively implemented in 2009.

On behalf of the Australian Government, responsibility for coordination and policy development of the SGP lies with the Department of Foreign Affairs and Trade (DFAT), in collaboration with the Australian Agency for International Development (AusAID). AusAID is responsible for SGP development, administration and implementation, including accountability for program quality. The Australian Home agency supports an SGP official and is primarily responsible for the duty of care of the official, his/her employment contract and providing technical policy advice to the official. The PNG Central Agencies Coordinating Committee (CACC) Secretariat hosts the SGP Secretariat and coordinates the SGP on behalf of the PNG Government in conjunction with the

¹ Current agencies include the Department of Treasury, Department of Finance, Australian National Audit Office, Department of Defence, Attorney Generals Department, Australian Customs Service, Australian Tax Office, Department of Infrastructure, Department of Immigration and Citizenship, Australian Office of Financial Management

Department of National Planning and Monitoring. The SGP Steering Committee provides joint government oversight of the program and strategic direction for sectoral placements, with consideration to available resources and policy objectives for the sectors. The Steering Committee is supported by a Secretariat that manages implementation of the program.

The SGP will be implemented within key agencies (determined by the SGP Steering Committee) across the sectors of economic and public sector management, law and justice, border management and transport security. Steering Committee decisions on the number of positions and target agencies will be determined by the priorities of the Australian Government's aid policy, consistent with the Millennium Development Goals, and by the PNG Government's reform agenda and priorities for achieving basic service delivery. The Steering Committee will, in particular, consider the priority outcomes set out in the PNG-Australia Partnership for Development and decisions on emerging priority outcomes set out at the annual PNG-Australia Ministerial Forum and High Level Aid Consultations. The Steering Committee will also work to ensure alignment and coordination with decisions on prioritisation and sequencing made by (existing and emerging) Sector Coordination Mechanisms. The Steering Committee will also consider appropriate sequencing of aid program support, the annual aid program resource envelope, and the need to maintain a strategic whole-of-government approach (with PNG and Australia) to the SGP. All decisions will be made in consultation with relevant agencies from both Governments.

The SGP Secretariat located within the CACC in PM&NEC will play a key role in coordinating the SGP across the sectors and with the PNG Government, ensuring consistent strategies and approaches to capacity development and its implementation. Additionally, it will provide capacity development and monitoring and evaluation support for the Border Management sector.

AusAID is accountable for the SGP, as part of the broader aid program. The SGP has been designed to be closely integrated with the broader aid program. The Management Framework provides a structure around program management that facilitates accountability and reporting on the effectiveness of the SGP as part of the broader aid program. The Management Framework will serve as the guiding document on SGP objectives, management structures, and operating processes. Capacity development will be guided by the sector program objectives to ensure a consistent approach within the sector. The SGP capacity development strategy, which will be supported by an SGP capacity development adviser, will assist officials to draw on sector program resources to strengthen their capacity development work.

SGP monitoring and reporting will use PNG Government reporting processes and systems wherever possible. Performance of SGP will be measured by the contribution of the program towards assisting PNG agencies achieve expected agency performance, as required by the Corporate Plan or other high level policy documents. Reporting will be integrated into the ongoing performance management processes of the PNG agency. Where these processes do not exist, the SGP will assist to develop and implement monitoring and evaluation in accordance with the SGP Monitoring and Evaluation Framework.

Performance reporting on the SGP will be coordinated by the SGP Secretariat and will be reported by the SGP Steering Committee to the annual High Level Aid Consultations and the PNG-Australian Ministerial Forum.

Progressive implementation of SGP management arrangements will commence in 2009. Operational management of SGP will be progressively devolved to the sector-level - at a pace appropriate to the sector programs and capacity of the PNG Sector Coordination mechanisms - with a view to reviewing arrangements in 2010. This will provide time for both governments to work through the implications and requirements for sectoral integration of SGP.

The Management Framework is intended to be an evolving document. Successful implementation of SGP will require adherence and cooperation by PNG and Australian agencies to the strategies and frameworks provided through this document, incorporation of lessons emerging from its implementation, and provision for adjustments to the Management Framework to take account of ongoing experience. The Management Framework will be revised in 2010 following the proposed review of management arrangements.

4. BACKGROUND AND CONTEXT

4.1. BACKGROUND

The Enhanced Cooperation Program was established by the Governments of Papua New Guinea and Australia in late 2003. The program was designed to ‘strengthen Papua New Guinea’s financial and economic management; public sector reform; governance, including a broad anti-corruption focus; law and order; and border security’ by placing high-level Australian public servants in PNG Government agencies. In addition, support was planned for the Royal Papua New Guinea Constabulary (RPNGC) for both personnel and equipment. The large-scale sourcing of senior and middle level officials from the Australian public sector under ECP provided a form of technical assistance unavailable through more conventional aid programs that rely on contracted consultants.

4.2. LESSONS LEARNED – THE ECP REVIEW

The Governments of Papua New Guinea and Australia jointly commissioned an independent review of the ECP in 2007. The ECP Review found that the ECP was highly valued by the Secretaries of PNG Government agencies involved in the program. The Review also found that the ECP encouraged valuable bilateral links between agencies in the two countries and a whole-of-government approach to addressing issues. The robust working relationships between agencies of the two countries under ECP resulted in governance, capacity and fiscal improvements in PNG.

The central message of the ECP Review Report was that any successor to ECP should ‘retain a separate program identity within Australia’s assistance to PNG but address past management shortcomings’. This should be achieved through a program design which adopts the best of:

- the core management practices of conventional aid budget programs (ie. equal sharing of management with the partner government, formalised monitoring and evaluation, explicit capacity development strategy); and
- the core program architecture of ECP (unique government-to-government placement of skilled Australian officials from a range of Australian agencies, and a whole of sector approach to placements)’.

The report included eleven recommendations designed to improve the effectiveness of the ECP.

As a direct government-to-government initiative the ECP evolved in a way that largely bypassed several elements of conventional aid program management, such as joint PNG-Australia management arrangements, coherence with the broader aid program, clear capacity development strategies and a monitoring and evaluation framework.

The Governments of Papua New Guinea and Australia agreed at the April 2008 Ministerial Forum in Madang to implement the SGP, a successor to the ECP that would be developed with consideration to the recommendations in the ECP Review. The ECP would undergo a transition to SGP management arrangements from April-December 2008 with the program operating under revised management arrangements in 2009.

The SGP will have a greater focus on capacity development, further strengthening productive counterpart relationships between Australian-PNG officials, and developing clear linkages to twinning and short-term staff exchanges. During the transition period from ECP to SGP a substantial re-orienting of ongoing ECP work has been undertaken, including the progressive re-scoping of all SGP positions with consideration to agency capacity development priorities, the

development of a formal Capacity Development Strategy, and more effective integration of the SGP into the broader aid program. In addition, new management arrangements will be put in place to support the implementation of the SGP.

4.3. COMPARATIVE ADVANTAGE OF SGP

Addressing capacity development requirements in PNG can be met in various ways, including program support, projects, and technical assistance. Selecting the most appropriate form of assistance to meet capacity development requirements is fundamental to ensuring effective and sustainable aid programming. SGP is one form of technical assistance – others include program advisers sourced from the market and twinning arrangements.

The SGP's unique technical assistance contribution is to support the secondment of senior Australian public servants to selected PNG Government agencies to support capacity strengthening and improved performance of these agencies. The SGP has the following comparative advantages²:

- The SGP builds and strengthens relationships between partner agencies on both sides thus leading to stronger and lasting ties between PNG and Australia.
- The SGP provides a means for developing the skills of PNG public servants through mentoring and on-the-job training with advisers with experience in the Australian public service.
- The SGP provides PNG Government agencies with the experience of high level counterpart Australian Government staff in key technical and public sector management areas, particularly when such experience is not easily available from the commercial sector. Examples of areas where SGP has a clear comparative advantage are fiscal policy, public budget and financial management strategies, revenue collection, immigration policy, border management operations and administration, civil aviation and maritime security.
- The SGP provides PNG Government agencies with access to intellectual property and ongoing dialogue with counterpart Australian agencies on current technical and public sector management information such as policy frameworks, training material and software. It also allows for the sourcing of Australian public servants with broader public policy operating environment experience. Exchange visits to discuss and demonstrate how issues are addressed in Australia can also be arranged.
- The SGP facilitates ongoing and strengthened links between PNG and Australia on high level policy and international cooperation issues such as border management.
- A small number of Law and Justice positions (SGP Prosecutors) require incumbents to meet PNG legal professional and admission requirements. The ECP Treaty enables officials to have satisfied these to enable them to fulfil legal functions if required.

² See Appendix A for a more detailed comparison of SGP with other forms of advisory assistance.

4.4. GOVERNANCE AND POLICY FRAMEWORK

AID EFFECTIVENESS

The PNG Commitment on Aid Effectiveness, signed by the PNG Government and all development partners in 2008, is a localised version of the Paris Declaration. PNG is a leading country in incorporating the Paris Declaration in the development of its aid programs and has a strong commitment to ensuring that all Australian-supported programs operate in the spirit of the Commitment, including SGP.

The SGP Management Framework reflects the core principles of the PNG Commitment on Aid Effectiveness and the recent Accra Agenda for Action such as joint ownership, partnership and alignment, and coherence and coordination. Much of this will be achieved by leadership from the PNG Government, greater integration of SGP with the broader aid program, joint management via the SGP Steering Committee (which includes representatives from CACC Secretariat, PM&NEC, DNPM, DoFAT, AusAID and DFAT), and support from an SGP Secretariat within the CACC Secretariat.

SUSTAINABILITY

SGP is a capacity development program which aims to provide selected PNG Government agencies and with the appropriate and necessary competencies to maximise their effectiveness. It focuses on building performance in the core institutional functions of various agencies as well as strengthening specific technical areas. While its predecessor, the ECP, fostered the development of strong relationships between the Australian and PNG government agencies and building technical skills, sustainability of program outputs and outcomes required improvement. The ECP did not have a clear capacity development strategy which supported sustained operational improvements. The ECP risked displacing local officials, which sometimes had the effect of undermining rather than supporting sustained capacity development. The ECP also lacked a formal monitoring and evaluation framework.

The SGP addresses these concerns, all of which were raised in the ECP Review. A key intention is to make the program more coherent with broader Australian capacity development assistance being provided to PNG. The success of the SGP approach will be based on a joint management process integrated with the annual Development Cooperation Program and Partnership for Development. This will enable the Steering Committee to consider both PNG and Australian Government resources, and take forward the commitment to use and strengthen PNG's systems wherever possible. The key features of the SGP which ensure the sustainability of its eventual benefits include:

- A joint Steering Committee, based in PNG and co-chaired by the PNG and Australian Governments, that will take all key decisions for the SGP, with management support from a joint Secretariat. Thus, there will be joint ownership, management and mutual responsibility.
- In each agency within which an SGP official is placed, it will be the PNG Head of Agency who identifies the need and takes responsibility for overseeing the placement, thus ensuring local ownership and demand-driven technical assistance. If requested, support can be provided by the AusAID sector program, SGP Secretariat and the SGP Team Leader.
- Each SGP placement will be made on the basis of a capacity assessment. The SGP official will be placed within a counterpart unit with an understanding of its current strengths and with the express purpose of further developing the capacity of this unit to address specifically identified performance issues. The aim is to build on existing strengths to ensure sustained and improved capacity.

- The SGP official will work within PNG Government systems with his/her counterpart unit.
- The SGP will work within the sector frameworks and systems of the different sectors in which it will operate. As such, it will work to strengthen and sustain institutional systems within sectors.

Additional factors that will influence the sustainability of the SGP are:

- Both Governments nurturing the principles of the Pacific Partnerships for Development – mutual respect and mutual responsibility – through respect, openness, dialogue and consultation. This will manifest itself in a practical sense through management and decision making being collaborative and consultative, including at High Level Consultation meetings, Steering Committee meetings, and in relevant internal PNG agency discussions involving SGP Team Leaders.
- The ongoing commitment of the PNG Government to supporting SGP, including by actively encouraging the PNG public sector to jointly manage the program.
- The SGP Secretariat coordinating and collaborating with other donors to ensure SGP is coordinated with other international support.

The progress of the SGP, both in terms of effectiveness and sustainability, will be reviewed periodically.

LEGAL FRAMEWORK

The SGP, like the ECP, is governed by the Joint Agreement on Enhanced Cooperation between Australia and Papua New Guinea (the Treaty), which came into force on 9 August 2004. Despite a PNG Supreme Court ruling of 13 May 2005 (the Wenge decision) the Treaty remains extant in international law, imposing agreed rights and obligations on Australia and PNG.

The Wenge decision ruled that immunities granted for ECP police and other personnel under PNG's domestic legislation to enable the Treaty were in conflict with the PNG Constitution. While the decision was critical to the placement of the police component it did not alter significantly the modus operandi of ECP personnel. The major effect was conversion of in-line positions to advisory positions.

The Treaty (Article 5) allows SGP officials to exercise the relevant powers and duties of an appointed position or office if asked to do so by the relevant PNG authority. However, SGP officials who perform in an in-line capacity by issuing instructions to PNG staff or exercise delegations would have no protection of indemnity by the PNG Government if an action were to be brought against them.

The Act also deems legal placements to have satisfied the necessary professional and admission requirements to enable them to fulfil their respective legal functions if required. These provisions have enabled Australian legal officials to meet PNG admissions requirements without additional administrative requirements. While they have not been used in relation to the work of officials in other sectors the Treaty keeps the option open for PNG agencies should they wish to do so in the future.

Australia is required to notify PNG of the names of all officials placed in PNG under the SGP [Article 5]. This gives them the status and protections as designated persons.

POWERS AND STATUS OF SGP OFFICIALS

The Treaty makes clear that all SGP officials will observe and respect the laws and regulations of PNG. If appointed, SGP judges would also be subject to PNG's Constitutional Leadership Code and its related laws.

SGP officials are subject to the PNG Public Service Code of Business Ethics and Conduct, the Australian Public Service Code of Conduct and the (ECP) Code of Conduct. Officials are also subject to Australian laws, regulations and disciplinary procedures. While SGP officials primarily report to the PNG Agency Head, they continue to be employed and paid as Australian public servants and thus also need to report to the SGP Team Leader, who is responsible for SGP officials in their team and ensures duty or care and reporting to the home agency. Guidelines for resolving allegations of misconduct are at Appendix B.

4.5. CROSS-CUTTING POLICIES

SGP officials will undertake to address cross-cutting PNG and Australian Government policies such as Gender, HIV and AIDS, and Anti-Corruption as these apply to their work, in adherence with Australian Government Development Assistance policies. SGP contributions towards cross-cutting policies will be captured in the reporting by SGP officials as set out in the Monitoring and Evaluation Framework (M&E). This data will be drawn on by the aid program in reporting on implementation of these policies.

Appropriate support and contributions from SGP officials in relation to cross-cutting policies will be identified at the work plan development stage of the assignment. This is important as PNG workplace policies on these issues may differ from agency to agency, and it is imperative that SGP officials work to support PNG policies where these are in place. There may be occasions where these issues are not directly pertinent to the assignment.

AusAID has a significant role to play in informing SGP officials of cross-cutting policies and how these apply to SGP assignments as part of the pre-departure training. Ongoing support from AusAID funded advisers and PNG context specific briefing will be provided during the in-country induction program and throughout the placement.

GENDER

The PNG Government's Medium Term Development Strategy (MTDS) acknowledges the importance of gender equality in a number of areas, including in the design and implementation of sector wide programs. PNG adopted a National Women's Policy in 1990 and in 2006 established an Office for Women. Australia supports the PNG Government in addressing gender equity and empowering women both in the workplace and in society in general.

The SGP, through the roles undertaken by its officials in PNG government agencies, will support country-led priorities for gender empowerment. Given the predominance of men in leadership and other positions of authority across government agencies in the four sectors in which it operates, SGP personnel will be supported by AusAID's Gender Adviser to encourage the development of specific strategies for engaging men and involving them as advocates for change.

SGP officials will be provided with an understanding and ability to integrate principles of gender equality and gender mainstreaming as part of their capacity development approach. They will be encouraged to have explicit gender mainstreaming objectives within their respective work plans and they will be provided with the opportunity for ongoing professional development focused on issues relating to gender equality and empowerment of women. Ongoing support to SGP officials on addressing gender issues will be part of the SGP Capacity Development Strategy and will be provided by either AusAID or the Service Provider.

The SGP will also promote gender equality through demonstrating equal opportunities and placements for positions through the program. This will include the strong support of the Australian Government for at least one woman sitting on a position selection panel. The program will also encourage women who have worked in PNG as SGP officials to act as mentors/contact points for potential SGP applicants. The SGP will also ensure appropriate arrangements are in place for any gender-specific issues, including security, travel, OH&S matters, and other living arrangements, such as child welfare and schooling.

The SGP will draw on the PNG Program's Gender Mainstreaming Framework and key external sources, such as the Australian Office for Development Effectiveness report *Violence Against Women in Melanesia and East Timor: A Review of International Lessons* (2008).

HIV AND AIDS

The PNG Australia Development Cooperation Strategy recognises HIV/AIDS as one of the four key pillars of the aid program, reflecting the significance of the epidemic for PNG's development. The HIV epidemic has taken firm hold in PNG since the first case was reported in 1987. The national prevalence rate is currently 1.61 %. National tools to effectively measure and report on the spread of the epidemic are still being developed and strengthened; however, projections from the most recent estimation suggest that the prevalence rate among the rural population has overtaken the urban rate in 2007. HIV and AIDS will be mainstreamed through all assistance, in light of the very real economic impact the disease can have on PNG by reducing workforce productivity and increasing the strain on health services: mainstreaming in practice will depend on which agency the SGP official is working in. Different sectors have different roles to play in the HIV response. Officials will be expected to reflect on how HIV relates to their specific placement both from a workplace and operational perspective. Responses can then be developed accordingly as part of on-going work plans.

SGP will contribute to strengthening the public sector's capabilities to access and disseminate information on HIV and AIDS within government. This includes promoting awareness of HIV and AIDS either directly or indirectly in the workplace. SGP officials will be provided with an understanding of the issues in PNG and guidance on promoting awareness of HIV and AIDS either directly or indirectly in the workplace. Ongoing support to officials on addressing HIV and AIDS issues will be captured in the SGP Capacity Development Strategy and will be provided by either AusAID or the Service Provider.

ANTI-CORRUPTION

The PNG MTDS currently contains explicit anti-corruption objectives and indicators under its Governance section. The PNG Government has on several occasions in the last few years, recognised the serious problem corruption poses. For example, a National Executive Council (NEC) decision of April 2006 led to the commissioning of a National Anti-Corruption and Good Governance Strategy. In March 2007 the NEC also approved a White Paper on Law and Justice, which includes a particular focus on fraud and corruption, identifying strategies for a strengthened State Solicitor's Office, increasing resources to the Ombudsman Commission and improving coordination between the police, the Ombudsman Commission and the Public Prosecutor.

The Australian Government's anti-corruption approach is encapsulated in 'Tackling Corruption for Growth and Development', and the Anti-Corruption Plan 2007-2010. Both provide a framework to improve governance and tackle corruption. Consistent with these policies, the existing Development Cooperation Strategy adopts a long-term approach in supporting the PNG Government to address corruption in a cohesive and cross-cutting manner, in particular through the Law and Justice Sector Program, the Economic and Public Sector Governance Program, the Democratic Governance Program and support for leadership focused activities.

SGP will address corruption by providing access to dedicated and practically-focused expertise in the areas of: financial management, audit and accountability, performance management, and monitoring and reporting. The program will also focus on building improved transparency and more equitable participation in Government planning and budgeting processes.

To better strengthen accountability systems in PNG, in-country briefings for officials will aim to deepen understanding of formal and informal PNG systems and institutions as well as include training in PNG financial management systems and regulations.

5. GOAL, OBJECTIVES AND EXPECTED OUTCOMES

5.1. GOAL

The overarching goal of the SGP *is to assist the PNG Government to strengthen public sector performance in selected sectors and agencies*. The PNG Government is committed to improved public sector performance. The government is aware that, unless public sector performance improves, key goals of the government as expressed in its Long and Medium Term Development Strategies and various sector plans will not be achieved. Of particular concern are: the implementation of key policies related to promoting growth and reducing poverty; and the quality and outreach of critical services.

5.2. OBJECTIVE

The SGP's immediate objective *is capacity strengthening of key agencies within the PNG Government through the provision of appropriate capacity development assistance and a joint-management approach*. The SGP focuses its efforts on specific agencies across several sectors that are considered to have key and strategic roles critical to economic and public financial management. The SGP objective focuses on assisting these agencies to achieve their mandated contributions to economic and sector outcomes and results. This complements AusAID sector programs that are designed with sector-level objectives and outcomes.

CAPACITY DEVELOPMENT FOCUS

The SGP is thus qualitatively different to the ECP. At PNG's request, the SGP's capacity development focus recognises that the rightful 'line' responsibilities of PNG Government agencies should be strengthened. The task of counterpart Australian Government agencies is to provide unique public sector experience and knowledge to assist in this capacity strengthening.

The concept of capacity development underlying the SGP is a relatively straightforward one. Capacity is defined as *the ability of the PNG Government agency to deliver its mandated outcomes and outputs to expectations and on a sustained basis*. Thus, capacity is defined in terms of performance rather than in terms of normative organisational or individual characteristics or standards. It is acknowledged there are many and varying definitions of capacity. However, for the purposes of this program, it is important that the concept of capacity remains directly linked to agency performance and results.

TARGET AGENCIES

Steering Committee decisions on the number of positions and target agencies will be based on the priorities of the Australian Government's aid policy, consistent with the Millennium Development Goals, and by the PNG Government's reform agenda and priorities for achieving basic service delivery. The Steering Committee will, in particular, consider the priority outcomes set out in the PNG-Australia Partnership for Development and decisions on emerging priority outcomes set out at the annual Ministerial Forum and High Level Aid Consultations. The Steering Committee will also work to ensure alignment and coordination with decisions on prioritisation and sequencing made by (existing and emerging) Sector Coordination Mechanisms. The Steering Committee will also consider appropriate sequencing of aid program support, the annual aid program resource envelope, and the need to maintain a strategic whole-of-government approach (in PNG and Australia) to the SGP. All decisions will be made in consultation with relevant agencies from both Governments.

The current broad range of target agencies (and their respective sectors) for the SGP are provided below. The list below remains indicative and subject to ongoing consideration by the Steering Committee.

- Economic and Public Sector Management: Department of PM&NEC; Department of National Planning and Monitoring; Auditor General's Office; Internal Revenue Commission (Tax); Department of Finance; and Department of Treasury.
- Law & Justice: Department of Justice and Attorney General; National & Supreme Courts & National Judicial Staff Services; Correctional Services; and Office of Public Prosecutor.
- Border Management: Department of Transport; Internal Revenue Commission (Customs); and Immigration and Citizenship Services.
- Transport: Department of Transport; Civil Aviation Authority; National Maritime Safety Authority; National Road Safety Council; Department of Works; and PNG Ports Corporation Limited.

5.3. OUTCOMES

The SGP focuses on individual and strategically important agencies and works with the management of such agencies to strengthen performance on issues considered critical to economic and public financial management. In this sense, the SGP is complementary to the currently operating sector programs and any bilateral arrangements between the agencies. It assists selected agencies to better deliver their expected contributions to sector outcomes.

Key outcomes of the SGP will range from the capacity strengthening of targeted PNG Government agencies and consequently their enhanced performance to strengthened relations and collaboration between PNG and Australia on a wide array of strategic issues. More specifically, some of the expected outcomes are:

- Identified areas for capacity assistance in the targeted agencies are addressed;
- Targeted agencies acquire skills and competencies in strategically significant performance areas;
- Technical assistance is provided to enable targeted agencies to contribute effectively to the PNG Government's key strategic outcomes in the areas of economic growth and the provision of essential services; and
- Ongoing collaboration between PNG and Australia is strengthened and the experience and mentoring skills of Australian officials is enhanced.

It is important to note that the SGP is a mutually beneficial program. It is a program between two partner governments which, while strengthening the capacities of key PNG Government agencies in very specific outcome areas, provides an invaluable opportunity to broaden and reinforce relations and collaboration between the two governments on issues of mutual interest. The SGP also strengthens the Australian Government's capacity to understand the complexities and challenges of the development context and the public service in PNG, while expanding the skills and experience of SGP officials.

6. MANAGEMENT STRUCTURE

6.1. JOINT OWNERSHIP AND PNG LEADERSHIP

The SGP is a jointly managed program. The PNG Government's leadership role is demonstrated in various ways:

- *The start of any SGP assignment* must always be the initiative of the PNG Head of Agency. It is s/he who decides that their agency has a performance issue requiring capacity development assistance from SGP. This process does not preclude discussions on capacity development or performance between the Head of Agency and Australian Government agencies, SGP Team Leaders, or the broader aid program.
- *The capacity diagnostic*, which clarifies the capacity development need, is *led by the PNG agency* and by officials delegated by the Head of Agency. The sector program and the SGP support the process.
- *The capacity development strategy and the ToRs of the SGP official* are agreed to by the Heads of both Government (PNG and Australia) agencies or their designated officials. This ensures that both parties are satisfied with the strategy proposed and are committed to it, especially the PNG Head of Agency who will be overseeing implementation.
- *The selection of the SGP official is made jointly*. Interviews are inclusive of both government agencies, conducted in either PNG or Australia, and final decisions are taken by consensus.
- *The SGP official is jointly managed*. The Head of Agency (or their assigned deputy Head of Agency) oversees the day-to-day progress of the assignment, which includes the SGP official participating in the PNG agency's performance management process. The SGP Team Leader and counterpart Australian Government agency provide policy and administrative support to the SGP official.

6.2. STAKEHOLDERS

A range of key stakeholders are involved with SGP and it is important that their respective roles are clearly articulated. These roles are summarised in Diagram 1. The key stakeholders include:

- *The Steering Committee*, which comprises PM&NEC, DNPM, DoFAT, CACC Secretariat, AusAID and DFAT;
- *The PNG Government agencies*, which identify and support the analysis of capacity development needs and support and monitor SGP placements;
- *The Australian Government agency (or Home Agency)*, which jointly recruits officials, supports the officials in their placements and provides technical expertise to the PNG Government;
- *The SGP Team Leaders*, who support SGP officials and represent them at stakeholder meetings;
- *The PNG Sector Coordination Mechanisms*, which determine sector-level policies and priorities;
- *The Sector Programs*, which coordinate and manage AusAID funding, support and capacity development assistance to the PNG Government agencies in their sectors;

- *The SGP Secretariat*, which is located within the CACC Secretariat in PM&NEC and facilitates program management; and
- *The Counterpart individual or team* to which the SGP official has been seconded. This individual or team is located within the PNG agency.

The SGP management structure includes new stakeholders: the Steering Committee and the SGP Secretariat. Progressive implementation of new management arrangements will commence in January 2009, with a view to reviewing arrangements in 2010.

STEERING COMMITTEE

The Steering Committee provides oversight of the program in close consultation with involved agencies. The Steering Committee comprises senior representatives from PM&NEC, DNPM, DoFAT, CACC Secretariat, AusAID and DFAT. This composition reflects the joint management arrangements of the SGP and its high profile as a government-to-government initiative. The roles and responsibilities of the Steering Committee are summarised as follows:

- Report progress to CACC every six months, and annually to the Ministerial Forum / Senior Officials meetings / High Level Aid Consultations. This includes supporting periodic high level meetings between the Chief Secretary to Government and the Australian High Commissioner;
- Provide regular oversight of implementation and management of the program via Steering Committee meetings as required;
- Ensure appropriate consultation with both Governments in decision making;
- Receive, consider and approve requests from PNG Government agencies for SGP support;
- Decide on the number and scope of SGP placements in PNG with consideration to:
 - Priorities of the Australian Government's aid policy, consistent with the Millennium Development Goals, and the PNG Government's reform agenda and priorities for achieving basic service delivery;
 - The PNG-Australia Partnership for Development;
 - Outcomes set out at the annual Ministerial Forum and High Level Aid Consultations;
 - Alignment and coordination with decisions on prioritisation and sequencing made by (existing and emerging) Sector Coordination Mechanisms;
 - Capacity of Australian Government agencies to assist in the nominated areas;
 - Annual aid program resource envelope; and
 - The need to maintain a strategic whole-of-government approach;
- Provide input where appropriate on performance issues and allegations of misconduct; and
- Review overall program progress every six months.

The Steering Committee will devolve some of these management and oversight responsibilities to the PNG Sector Coordination Mechanisms (SCM) at a pace appropriate to implementation capacity. There will not be a standardised approach to devolution, but rather decisions on devolving management arrangement will be made through consideration and consultation with relevant stakeholders throughout 2009 and beyond.

PNG has coordination mechanisms in the Law and Justice Sector (the National Coordination Mechanism) and Transport Sector (the Transport Sector Coordination Monitoring and Implementation Committee). An emerging public sector coordination mechanism will be defined through the current joint PNG-Australia design process for the Economic and Public Sector Program, and also taken forward as a priority outcome area under the Partnership for Development. Similarly, a coordination mechanism for Border Management is under consideration by the PNG Government and could include Customs, Immigration, the National Agriculture and Quarantine Inspection Authority, and other areas of transnational support. When fully operational the SCMs will be responsible for the operational management of the program. This includes determining priority areas for support in the sector and determining the best approach to meeting particular development requirements.

PNG GOVERNMENT AGENCY

The Head of the PNG Government agency plays one of the most critical roles within the SGP. S/he is the initiator for involvement in the program and the day-to-day manager of the program in his/her agency. The role and responsibilities of the Head of Agency are summarised as follows:

- Identify the significant areas for capacity assistance in relation to priority corporate outcomes and outputs that need to be addressed;
- Lead and support the capacity assessment process and request SGP assistance where required;
- Develop ToRs in conjunction with the SGP capacity development adviser, sector program capacity development adviser, and where possible SGP Team Leader and work unit. Also, jointly agree the ToRs with the Australian Home agency and ensure that ToRs do not overlap with other sector assistance being obtained for their agency;
- Undertake joint selection of candidates with the Australian Home agency;
- Appoint senior staff and/or a work unit team as the SGP official's counterpart;
- Support the SGP official for a minimum two year placement period, including provision of office space and input into their performance management;
- Ensure coordination and alignment with sector priorities; and
- Assess, every six months, progress towards addressing the targeted capacity issues.
- The Head of Agency will provide agency reports to the SCMs where required in accordance with the PNG Government's monitoring and reporting requirements.

It is possible that the PNG Head of Agency will delegate some of these responsibilities to a senior official, particularly in those agencies which host a number of SGP officials at one time.

THE PNG GOVERNMENT COUNTERPART

The counterpart (individual or team) plays a key role in the SGP. It should preferably always be a work unit within the PNG Government agency. It is this work unit that is in many ways the final target of the capacity development effort. Its role is summarised as follows:

- The unit/team takes ownership and leadership of the effort within the PNG Government agency to address the targeted outputs that have been identified through the agency capacity diagnostic;
- Drawing on broader aid program resources such as Gender and HIV/AIDS advisers where required, the unit/team prepares the work plan in conjunction with the SGP capacity development adviser and SGP official to address the performance and output concerns, and the related capacity constraints;
- The unit/team works on its own capacity development with the assistance of the SGP official, taking responsibility for progress;
- The unit/team provides six monthly progress reports to the PNG Head of Agency and a copy to the Secretariat on progress being made against work plans, capacity improvements and changes that might be sought to work plans.

AUSTRALIAN GOVERNMENT AGENCY

The Australian Government agency is a primary institutional partner in the program. The willingness of the agency to support an SGP official indicates its commitment to an ongoing and supportive relationship with the counterpart PNG Government agency. Many Australian Government agencies also have bilateral programs with PNG Government agencies that complement SGP assistance. The role of the Australian Government agency is summarised as follows:

- Undertake periodic dialogue on key issues of mutual interest with the PNG Government agency. This will include discussions on progress and performance and may include discussions on capacity development requirements, further areas requiring assistance or the capacity of PNG agency to support SGP positions and initiatives. Discussions on capacity development should include the SGP capacity development adviser;
- Advise Australia's Steering Committee representatives on SGP issues as required;
- Comment on and agree to position ToRs and placements;
- Undertake joint selection of the SGP official with the PNG Government agency ;
- Provide duty of care for SGP officials³;
- Provide input to the relevant SGP Team Leader in performance discussions with the PNG Government supervisor on their SGP official; and
- Attend and provide advice at Australian whole-of-government meetings on relevant issues involving SGP.

³ AusAID supports these responsibilities but contracts out security services, logistic support, and appropriate accommodation provision to a service provider.

THE SGP TEAM LEADER

The Team Leader plays a key role in linking the Australian and PNG Government agencies. The Team Leader is expected to be the key home agency representative in PNG and is a senior executive Australian public service official (usually the most senior position) who manages and represents SGP officials in a sector. This includes information dissemination and representing the team in official meetings both in PNG and Australia where required.

These duties are to be undertaken in addition to their role as an SGP official working with a PNG counterpart and are specified in the ToRs for team leader positions. The role of the Team Leader is summarised as follows:

- Provide advice to the PNG Head of Agency on policy, management and capacity issues related to the core business of the PNG agency;
- Advise on position ToRs;
- Provide advice to AusAID, the SGP Secretariat and relevant Australian Government agencies on capacity development in their host PNG Government agency;
- Provide leadership, mentoring, policy and administrative support to SGP officials in their team; and
- On behalf of the Australian Government agency, undertake discussions with the PNG Head of Agency and/or the SGP Secretariat on progress and performance matters.

AUSAID SECTOR PROGRAMS

AusAID-funded sector programs include the PNG-Australia Law and Justice Partnership (PALJP) program (successor to the current Law and Justice Sector Program), the Transport Sector Support Program (TSSP), and the Economic and Public Sector Program (EPSP – successor to the current Advisory Support Facility program). Sector programs assist PNG SCMs to establish sector outcomes and outputs to which sector agencies must respond. A key operating principle of the SGP and a vital role of the official is to maintain constant communication with the sector programs within which their PNG Government agency operates, to assist their agencies to perform to the sector's expectations.

AusAID does not have a specific sector program underpinning SGP and twinning support to agencies in the Border Management Sector. Support to SGP officials in these agencies will be provided by the SGP Secretariat's capacity development and M&E advisers.

Guidance on overarching capacity development strategies will lie with the sector programs, with the SGP Secretariat facilitating SGP-specific capacity development approaches. This will ensure Australian support for capacity development in PNG is coordinated and complementary. Where an agency capacity diagnostic has not been undertaken, the sector program will lead this process. When the capacity diagnostic evaluates that SGP support is required, and PNG Head of Agency and the Secretariat agree, the SGP capacity development adviser will develop position ToRs drawing on the capacity diagnostic. Sector program resources such as policy advisers will be available to support this process.

The role of the sector programs vis-à-vis the SGP is summarised as follows:

- The sector program will work with the PNG agency on the capacity needs assessment and discuss options for assistance;

- Where technical assistance is required and SGP has a comparative advantage in addressing a particular capacity issue, the sector program capacity development adviser will work with the SGP capacity development adviser to help develop the ToRs;
- As required, the sector program will support the SGP capacity development adviser to develop a capacity development work plan for the target agency, ensuring this is aligned to other capacity development strategies in use in the agency and in the sector;
- The sector program will liaise with the PNG Head of Agency and the SGP Secretariat to establish ongoing links and coordination between the SGP official and the ongoing activities of the sector program; and
- Monitoring and evaluation data will be collated through the SGP Secretariat and provided to the sector programs for information.

SGP SECRETARIAT

The Secretariat supports the SGP Steering Committee as the central point of coordination and facilitation for the SGP. It is located within the Central Agencies Coordinating Committee (CACC) Secretariat in PM&NEC, which has the institutional mandate to lead on whole-of-government policy and coordination issues. Its role covers both overall program coordination and technical and administrative support. The Secretariat ensures: that the SGP maintains its strategic focus; that it coordinates as required with the Australian Government home agencies and all concerned sector programs; that key processes such as the development of the ToRs, selection and induction are done as per required quality standards; and that performance is carefully monitored and reported. Its role is summarised as follows:

- The Secretariat provides ongoing support to the Steering Committee with regard to strategic and programming issues, as well as on administrative and logistical matters. It organises the periodic Steering Committee meetings and the discussions of the Committee with various Agency Heads as and when necessary;
- The Secretariat coordinates initial capacity assistance requests from the Head of Agency with AusAID sector programs;
- The Secretariat provides the management of day-to-day coordination and facilitation of the SGP and it ensures a whole-of-government approach to the program;
- The Secretariat ensures appropriate placement, induction, oversight and guidance of the SGP official;
- The Secretariat ensures (and supports where required) capacity assessments and development of SGP ToRs, and provides support in the development of work plans and capacity development agreements for SGP placements;
- The Secretariat provides ongoing capacity development expert advice to the SGP officials under the assumption that they are not necessarily or expected to be capacity development specialists;
- The Secretariat ensures ongoing links with other PNG Government and AusAID supported programs;
- The Secretariat coordinates monitoring and evaluation of the program on an ongoing basis for use by CACC, Australian and PNG Government agencies,

AusAID sector programs, High Level Aid Consultations and the Ministerial Forum;
and

- The Secretariat coordinates with the sector program managers to ensure that SGP and sector program activities are complementary. This coordination ranges from collaborative capacity assessments in a PNG agency to consultation on ToRs of SGP officials to refinements of capacity development strategies in specific agencies.

The Secretariat will be staffed by a senior PNG Government officer of PM&NEC, the AusAID-funded Policy Coordination Adviser, a part-time M&E adviser, and a full-time capacity development adviser.

INSTITUTIONAL LINKAGES

The PNG Government agency and the Australian Government home agency are encouraged to maintain an ongoing relationship. While SGP is primarily about seconding senior Australian public servants to the PNG Government to assist with capacity development, it is also about supporting ongoing links and collaboration between these two counterpart agencies. The secondment of the Australian official is just one, though fundamental, aspect of this relationship.

Twinning and other bilateral programs between Australian Government and PNG Government agencies have been underway for many years, with many preceding the ECP. Though not the primary focus of the SGP, these programs benefit from the support through the SGP as well as sector programs. Examples are the ongoing twinning programs between the Departments of Treasury and Finance in PNG and their counterparts in the Australian Government.

The ongoing relationship between the PNG Government agency and the Australian Government agency through SGP will be reflected in interactions such as:

- Annual High Level Consultations between the Australian and PNG governments for discussion on broad collaboration issues as well as for monitoring progress on SGP;
- Annual visits by the Australian Government agency to PNG, where possible, for discussions on performance management of the SGP. These visits will be facilitated by the Secretariat as part of monitoring and evaluation and may include discussions on capacity development requirements; and
- Ongoing communications on key policy and process issues in which the SGP official would usually be involved.

**Diagram 1:
Stakeholder Functions**

SGP Steering Committee (SC) (PM&NEC, DNP&M, DoFAT, CACCS, DFAT, AusAID)

Program oversight and reporting to Ministers
Decide on new/significantly rescoped SGP positions
Monitor SGP performance and engage on sensitive/specific issues as required
Organise oversight meetings with HOM and Chief Secretary as required

SGP Secretariat Support (within CACCS)

PNG WofG Coordination
Ensure SGP-sector program coordination
Organise SC meetings, consult on agenda, write and distribute minutes to PNG and AHC
Consult PNG and AHC on specific issues
Draft SGP reports for SC
Organise bi-annual SGP seminars or other SGP management meetings as required
Coordinate SGP specific M&E including performance management
Ensure appropriate induction, capacity development and debriefing programs for officials
Facilitate joint interview processes and selection
Requests visa approvals from ICS

PNG Government Agencies

Placement management

Host GoA SGP officials
Request new SGP support from the SC via the Secretariat
Advise Secretariat (or SC representative) of SGP issues
Work with sector capacity development adviser on ToRs and work plan development
Work with GoA agency on joint recruitment using SGP guidelines
Inform SC Secretariat on recruitment outcome for records

Capacity building

Support performance and capacity constraints analysis by sector capacity development advisers

M&E

Support agency reporting against corporate plan
Receive performance information from Secretariat and manage issues where appropriate including annual discussion with GoA agency

Australian High Commission

DFAT

WofG coordination

Chair Core Group and represent GoA at the Steering Committee
Cable SGP SC meeting minutes to Canberra

AusAID

Coordination

Represent GoA at the Steering Committee
Ensure SGP-sector program coordination, including six-monthly program meetings
SGP implementation contracts and financial management
Ensure coordination between operations (Whole of Government Section (WoS) on accommodation, security and placement logistics), policy development and program management
Program quality, including reviews

Capacity building

Provide sector capacity development program support, inc assessments, development of SGP ToRs and work plans, induction program
Seek GoA agency endorsement of ToRs and work planwork plans
Provide SGPSecretariat with final copies of ToRs and work plans

M&E

Support agency and sector M&E

Canberra

DFAT

WofG coordination

Chair IDCs
Coordinate bilateral Senior Officials Meetings and Ministerial Forum
Policy development (jointly with AusAID)

AusAID

Coordinate High Level Aid Consultations
Policy development jointly with DFAT
Program quality
Facilitate GoA endorsement of ToRs and work plans
Manage terms and conditions, accommodation, security and placement logistics, and associated RoUs and contracts

Home agency

Advise on SGP policy
Endorse new positions, ToRs and work plans
Annual meeting with GoPNG agency to discuss SGP official's performance management
Conduct joint selection with GoPNG agency using SGP guidelines
Liaise with AusAID on administrative and policy matters
Provide input at relevant IDCs

6.3. IMPLEMENTATION ARRANGEMENTS

The ECP Review, while acknowledging the importance of retaining a separate program identity, recommended that a successor program should be fully managed at the sector level, building on the existing and emerging PNG mechanisms, and in coordination with the aid program.

PNG Sector Coordination Mechanisms (SCMs) for all four SGP sectors are not expected to be in place until 2010. Currently two SCMs are operational in PNG – the National Coordination Mechanism for the Law and Justice Sector, and the Transport Sector Coordination Management and Implementation Committee. The Economic and Public Sector Program could have transitional governance and coordination arrangements in place prior to the next phase of aid program support, which will formally commence in 1 January 2010. The proposed Border Management Coordination Committee may take some time to develop.

Therefore, operational management of SGP will be progressively devolved to the sector level - at a pace appropriate to the sector programs and capacity of the PNG SCMs - with a view to reviewing arrangements in 2010. This will provide time for both governments to work through the implications and requirements for sectoral integration of SGP.

TIMEFRAME

New management arrangements have been progressively implemented from January 2009 and a review of these arrangements is to be undertaken in mid-2010. SGP will be funded over the forward estimates, until 2012-2013 financial year.

SCOPE OF SGP POSITIONS

Initial rescoping of existing SGP positions is complete. Following agreement from relevant PNG and Australian Government agencies to revised terms of reference and placement recommendations from the SGP capacity development advisers, the Steering Committee will meet to discuss the recommendations. Steering Committee representatives will ensure appropriate consultation with government agencies as part of any decision-making process.

Steering Committee decisions on the number of positions and target agencies will be determined by the priorities of the Australian Government's aid policy, consistent with the Millennium Development Goals. The Steering Committee will also consider the priority outcomes set out in the PNG-Australia Partnership for Development, appropriate sequencing of aid program support, the annual aid program resource envelope, and the need to maintain a strategic whole-of-government approach to the SGP.

CAPACITY DEVELOPMENT

A full-time capacity development adviser⁴ will be part of the SGP Secretariat. Priority areas for capacity development work will include rescoping of any new positions and ensuring all SGP officials have a work plan that has been developed in consultation with their work unit and approved by the PNG Head of Agency.

The SGP capacity development adviser will work alongside advisers in the sector programs to develop a consistent approach to capacity assessment work, placement identification and ToR development. This approach will inform the ToRs for incoming capacity development advisers in the PNG-Australia Law and Justice Partnership and the Economic and Public Sector Program. The SGP capacity development adviser will provide full support to officials in the Border Management sector.

The requirement for a full-time SGP capacity development adviser will be reviewed by December 2009 and converted to a part-time role if appropriate for the longer term.

⁴ See Appendix H for ToRs.

MONITORING AND EVALUATION

The information gathered through the agency capacity assessment exercise will be collated by the SGP Secretariat into an M&E database to provide baseline data for the program. This baseline data will include information on areas of capacity assistance, capacity constraints and agreed SGP work plans for each client agency.

A part-time M&E adviser⁵ will be engaged to assist with collating and analysing data. The first monitoring and evaluation reports are due in December 2009.

ADMINISTRATION AND LOGISTICAL SUPPORT

AusAID will ensure efficient and cost effective arrangements for the management of Secretariat support and logistics support.

RECORDS OF UNDERSTANDING (ROUS) BETWEEN AUSAID AND HOME AGENCIES

AusAID maintains Records of Understanding (RoUs) with Australian Government agencies to manage the support of officials through the SGP. RoUs will be revised by June 2009 to reflect the revised SGP management arrangements, and will take into consideration the new Terms and Conditions being developed in agreement with whole-of-government agencies.

MID TERM REVIEW

Both the PNG and Australian Governments will need to take stock of the program in 2010 (preferably 18 months into implementation). The review will be a disciplined evaluation exercise, led by representatives of both the PNG and Australian Governments. Its objective will be to examine:

- Whether the SGP is indeed making progress in addressing strategically significant capacity concerns that have been identified as priorities. This will include examination of whether the program is providing appropriate value for its costs;
- Whether the management structures and operating processes of the SGP, including the Secretariat and the SCMs, are suitable to facilitate its effectiveness, efficiency and sustainability;
- Whether SGP Secretariat and Steering Committee functions can be further devolved to the sector programs and the SCMs; and
- Whether any increase or decrease in assignments is required given evolving circumstances and program effectiveness.

⁵ See Appendix H for ToRs

7. PROGRAM BUDGET (FOR INTERNAL PNG-AUSTRALIA GOVERNMENT AGENCY HEADS DISTRIBUTION ONLY)

8. ASSUMPTIONS AND RISKS

The success of the SGP is based on a number of assumptions. If these assumptions are incorrect, they represent key risks to the success of the program. These assumptions and risks therefore need to be identified so that appropriate preventive and contingent measures can be planned for.

The priority assumptions and related risks inherent in the SGP are summarised in the table below. Also listed in the table are the possible preventive and contingent measures. The risks will need to be monitored as part of the ongoing monitoring systems.

Table 1. Key Risks for the SGP

	Risks	Possible Preventative / Contingent Measures
1	The PNG Government agency management does not have clarity on the areas requiring capacity assistance.	The SGP Secretariat and the sector programs will work with the PNG Government agency management to clarify targeted assistance and therefore the objectives of the SGP assignment. It is important that there is consensus between the PNG Head of Agency, the sector program and the Secretariat on the specific areas being provided support and the appropriateness of SGP to assist in doing so.
2	There will be duplication with the sector programs already operating within the sector and assisting the concerned department with capacity development.	The SGP objective per department will be agreed to by all major stakeholders – the PNG and Australian Government agency management, the sector program and the SGP Secretariat – which should minimise duplication.
3	Agency management has identified the targeted areas of assistance but is not committed to addressing it and the related constraining factors.	The request for an SGP position is demand driven by the PNG agency and hence illustrates a commitment. Regular consultation with agency management by SGP Secretariat and the sector program is necessary to not only maintain agency commitment to addressing the capacity issues but also monitor whether, despite all efforts, this commitment is failing. The contingent measure if commitment fails is the withdrawal or re-assignment of the SGP official.
4	SGP officials are requested or expected to perform in-line work that undermines sustainability of the program. Additionally, SGP officials undertake in-line work to ensure PNG processes continue to meet service delivery outcomes.	Monitoring and reporting of SGP should not create a perverse incentive that may encourage capacity filling – rather than capacity development. Ongoing requirements and/or requests to perform in-line work should be discussed with the SGP Team Leader and/or capacity development adviser. Short-term in-line work is appropriate in certain circumstances (as agreed by the SGP Team Leader), but the long-term focus of capacity development should be entrenched in the approach of the program.

5	<p>The SGP official struggles with the assignment for one or more of the following reasons:</p> <ul style="list-style-type: none"> (i) does not have capacity development skills, (ii) is not able to fit in with the local team, (iii) finds s/he cannot adjust to local circumstances 	<p>The following are preventive actions:</p> <ul style="list-style-type: none"> (i) Ensure careful selection of SGP official taking account of his/her capacity development orientation; (ii) ensure effective induction for the SGP official (iii) provide clear ToRs; (iv) provide continuing capacity development guidance to the SGP official; and (v) provide regular consultation and support.
6	<p>The SGP official does not have a clear ToR or has clear ToRs but does not think they are achievable</p>	<p>It is important that recruitment is undertaken only <u>after</u> the need is clarified with the concerned PNG agency management. This ensures the targeted selection of the SGP official. This will also ensure the official knows clearly what s/he is to undertake and takes due accountability to deliver.</p> <p>In addition, a systematic induction program should be organized for all SGP officials.</p>

9. APPENDICES

- 9.1. APPENDIX A: GUIDELINES FOR ASSESSING SGP COMPARATIVE ADVANTAGE**
- 9.2. APPENDIX B: GUIDELINES FOR RESOLVING ALLEGATIONS OF MISCONDUCT AND DISPUTE**
- 9.3. APPENDIX C: PROGRAM BUDGET**
- 9.4. APPENDIX D: OPERATIONAL BUDGET GUIDELINES**
- 9.5. APPENDIX E: GUIDELINES FOR JOINT SELECTION AND RECRUITMENT**
- 9.6. APPENDIX F: CAPACITY DEVELOPMENT STRATEGY**
- 9.7. APPENDIX G: MONITORING AND EVALUATION FRAMEWORK**
- 9.8. APPENDIX H: MONITORING AND EVALUATION ADVISER – TORS**
- 9.9. APPENDIX I: CAPACITY DEVELOPMENT ADVISER – TORS**
- 9.10. APPENDIX J: INDUCTION AND DEBRIEFING**

9.1. APPENDIX A: GUIDELINES FOR ASSESSING SGP COMPARATIVE ADVANTAGE

Capacity development requirements in PNG can be met in various ways, including through program support, projects, and technical assistance. Selecting the most appropriate form of assistance to meet capacity development requirements is fundamental to ensuring effective and sustainable aid programming. SGP is one form of technical assistance – others include program advisers sourced from the market and twinning arrangements.

The SGP is a form of technical assistance where Australian Public Servants are placed in advisory positions within PNG Government Departments. SGP officials have a breadth of experience in the public policy environment, in addition to their management skills and subject matter knowledge. It is these skills and attributes that make SGP a constructive tool in Australia's strategic mix of assistance to PNG.

SGP officials, although different from other AusAID-funded advisers and staff placed in PNG Government Departments, are still funded from a single and limited annual aid program resource envelope. Resource decisions must therefore be made with consideration to the cost-benefit of different modes of advisory assistance.

This paper is designed to assist PNG Agency Heads, Australian agencies and capacity development advisers in determining whether the SGP is the most appropriate capacity development option to address a particular agency requirement.

Key selection criteria for SGP as a mechanism:

- Does addressing this performance gap require recent knowledge and experience from the (Australian) public sector?
- Is this an area of national interest between Australia and PNG?
- Will the PNG agency benefit from or require institutional linkages with a counterpart Australian Government agency?
- Will the PNG agency benefit from direct intellectual property from a counterpart Australian Government agency?
- Will the position require legal professional and admission requirements?
- Does the PNG agency accept that the higher cost of SGP resources may result in fewer resources being available to the agency through the broader aid program?
- Does the PNG agency accept the responsibility of providing performance management and support for an Australian Government SGP placement for a two-year period?
- Will the PNG agency agree to dedicate a functional unit during the period of engagement of the SGP position?
- Will the PNG agency ensure monitoring and evaluation of SGP contributions as set out in the M&E framework?

Assistance	Focus	Comparative Advantage	Flexibility	Estimated Total Cost per Adviser	Period
Program advisers	Operational and strategic management focus (eg. monitoring and evaluation, human resource management) for sector and agency-level objectives Technical expertise from a private and/or public sector context	Access to large pool of advisers, which increases probability of sourcing skill sets Cheaper to provide, allowing for more advisers to be provided if required Strong PNG Government ownership Reduces administrative burden on Australian agencies	ASF and TSSP are responsive and demand driven with flexibility to respond to requests for assistance. L&JSP advisers are recruited as part of an annual planning cycle Performance management by a contracted service provider, with the flexibility to complete placements as required.	TBA	Flexible
SGP	Strategic policy & institutional reform focus for agency-level objectives Technical expertise within a public sector context	Access to high level Australian public servants, but with some supply constraints. Strengthens Australian Government-PNG Government institutional linkages and facilitates a whole-of-government approach to issues. Encourages collaboration on issues of joint national interest	Responsive, but may take time to mobilise. Performance management by Australian and PNG Governments. Australian Government officials will be performance managed and supported with the expectation of fulfilling a minimum two-year placement.	TBA	Two years with the option of a one year extension
Twinning	Operational focus with project objectives Technical expertise within a public sector context	Provides technical expertise within a public sector context Strengthens Australian Government-PNG Government institutional linkages Encourages collaboration on issues of joint national interest	Offers various modalities of support: study visits, tailored training programs, short-term technical missions, on the job mentoring, hand-on capacity development	Costs depend on inputs & length of modality chosen. (Average \$2,300 - \$5,000 per week).	Short-term placements (weeks or months)

9.2. APPENDIX B: GUIDELINES FOR RESOLVING ALLEGATIONS OF MISCONDUCT AND DISPUTES

PURPOSE

These guidelines detail procedures to be followed for resolving:

1. Allegations of Misconduct by an SGP official
2. Allegations of a breach of PNG's Public Service Legislation or the PNG Criminal Code by an SGP or PNG official
3. Disputes between SGP officials and PNG officials

RESOLVING ALLEGATIONS OF MISCONDUCT

JURISDICTION

In accordance with Article 7 of the ECP Treaty, SGP officials must observe and respect the laws and regulations of PNG. This includes the Public Services [Management] Act 1975, General Orders, PNG Public Service Code of Business Ethics and Conduct and the PNG Criminal Code 1974. They are also subject to the Australian Public Service Commission Values and Code of Conduct and the SGP Code of Conduct (Attachment A to this appendix), which specifies that SGP officials are subject to the PNG Public Service Code of Business Ethics and Conduct and the Australian Public Service Code of Conduct.

GUIDING PRINCIPLES

In reporting on an apparent or alleged breach by an SGP official of the SGP and/or APS Code of Conduct, or relevant legislation, SGP or non-SGP individuals should provide a succinct factual report, using temperate language, and avoid speculation.

Officials who receive a report should bear in mind that the person involved in the apparent or alleged breach has a right to privacy. Accordingly all papers should be marked "staff-in-confidence" and knowledge of the matter must be restricted to those officers with a need to know.

In addition, individuals involved have a right to natural justice, particularly in terms of being informed fully of the matters raised and having the opportunity to provide a written statement in response to the matters raised.

SGP CODE OF CONDUCT

SGP officials must adhere to the SGP Code of Conduct (Attachment A), which replaces the ECP Code of Conduct. SGP officials sign a statement agreeing to adhere to the SGP Code of Conduct before commencing their SGP placement in PNG. The Australian Home Agency is responsible for ensuring that SGP officials adhere to the SGP Code of Conduct and the Home Agency has the responsibility for resolving any breaches of the Code.

Consistent with paragraph 22 of the SGP Code of Conduct, an SGP official who becomes aware of an apparent or alleged breach of the SGP and/or APS Code of Conduct by another SGP official should report the matter to the Australian High Commissioner, their Home Agency and where appropriate, to their SGP team leader and the PNG Agency Head.

If the person who has been allegedly responsible for the apparent or alleged breach is from the same agency as the official who has raised the matter, then the Home Agency should respond according to its own procedures. Should the person concerned be from a different agency, the Home Agency first alerted should inform that agency, and that agency is to take the matter forward according to its own procedures.

The Home Agency which undertakes an enquiry on a Code of Conduct matter is to keep the Australian High Commissioner informed of the outcome of the enquiry. The Australian High Commissioner will inform the SGP Steering Committee as appropriate of measures taken in respect of alleged or apparent breaches, who will in turn inform the PNG Agency Head.

Consistent with paragraph 24 of the SGP Code of Conduct, SGP officials in any doubt about the application of the Code or its practical implementation should seek guidance from the senior Australian official in their sector or the Australian High Commissioner.

Where a PNG Agency Head becomes aware of an alleged or apparent breach of the SGP Code of Conduct by an SGP official, they should inform the Australian High Commissioner through the SGP Steering Committee, observing the principles relating to natural justice and privacy outlined above.

PUBLIC SERVICE LEGISLATION

PNG counterparts and other officials are subject to the Public Services [Management] Act 1975, General Orders, PNG Public Service Code of Business Ethics and Conduct and the PNG Criminal Code 1974.

Where an SGP or PNG official believes that PNG's Public Service Legislation has not been followed by an SGP or PNG official, they should provide advice in writing to the PNG Agency Head, observing the principles relating to natural justice and privacy. SGP officials should consult with their Team Leader in preparing this advice. If the allegation is made by an individual/s who is not a public servant, they should raise their concerns direct with the PNG Agency Head. The PNG Agency Head will determine appropriate action, according to the Agency's own procedures. In any incident involving an SGP official, and where otherwise appropriate, the PNG Agency Head will consult with and inform the SGP Steering Committee of actions taken in respect of alleged or apparent breaches.

If the allegations involve the SGP Team Leader or PNG Government manager then written advice can be submitted directly to the Australian (for SGP officials) or PNG Government (for PNG officials) representatives to the SGP Steering Committee to seek advice on resolution.

PNG CRIMINAL CODE

Consistent with paragraph 7 of the SGP Code of Conduct, SGP officials must inform the Australian High Commissioner if they, or a household member, come to the notice of Papua New Guinean law enforcement authorities, except for minor traffic infringements. The PNG Agency Head must inform the Australian High Commissioner of a suspected breach of the PNG Criminal Code by an SGP official and they should agree to a course of action.

Where an SGP official believes a PNG official is in breach of the Criminal Code, they should advise the PNG Agency Head in writing. SGP officials should consult with their Team Leader in preparing this advice.

RESOLVING DISPUTES

The SGP official should inform their Team Leader of any disputes between SGP officials and PNG officials. The Team Leader should advise the PNG Agency Head, who is responsible for taking the

matter forward according to the Agency's own procedures. Where appropriate, the PNG Agency Head may advise the SGP Steering Committee to agree on a way forward and to inform the Committee of actions taken in respect of the dispute.

PNG officials should inform the relevant PNG manager of any disputes between SGP officials and PNG officials. The PNG manager, through the PNG Agency Head, may consult the SGP Steering Committee to agree on a way forward and/or to inform the Committee of actions taken in respect of the dispute.

Where required the SGP Steering Committee can convene directly with the relevant SGP and/or PNG officials to determine an approach to dispute resolution.

Code of Conduct for Australian Public Service Employees deployed under the Strongim Gavman Program

Introduction

1. The Governments of Australia and Papua New Guinea expect the highest standards of personal behaviour and ethics from Australian Public Service (APS) Employees (“Employees”) working under the Strongim Gavman Program (SGP).
2. The SGP includes the placement of APS Employees in advisory positions in departments and agencies of the Papua New Guinea Government, particularly in the areas of economic, financial and public sector management, law and justice, and customs, immigration and transport security and safety. Operation of the SGP is codified in the *Joint Agreement on Enhanced Cooperation Between Papua New Guinea and Australia*, signed on 30 June 2004⁶. Article 7 of the *Joint Agreement* provides that the conduct of deployees be governed by a Code of Conduct and that Employees shall not be required to act in a manner inconsistent with this Code of Conduct.
3. APS Employees will be working within the Government of Papua New Guinea, alongside their Papua New Guinean counter-parts. They will, however, remain employees of the APS.
4. Employees working overseas are required to comply with the applicable laws of Australia and with all applicable regulations, directions and guidelines relating to their official and personal conduct. As such, Employees designated under the SGP should comply with the APS Code of Conduct (a copy is provided at Attachment A). The SGP Code provides guidance to Employees on their obligations under Section 13(12) of the *Public Service Act 1999*. Employees should also be familiar with the APS Values, also at Attachment A.
5. Although working within the Government of Papua New Guinea, Employees will also be representing Australia and shall have a duty to act at all times in a manner that upholds the good reputation of Australia and the Commonwealth Government of Australia.

⁶ The SGP is the successor program to the Enhanced Cooperation Program (ECP) which operated 2003-2008. The SGP will continue to operate under the ECP treaty - *Joint Agreement on Enhanced Cooperation Between Papua New Guinea and Australia*, 30 June 2004.

Respect for the Laws of Papua New Guinea

6. Employees shall observe and respect the laws and regulations of Papua New Guinea. This requirement is codified under Article 7.1 of the *Joint Agreement on Enhanced Cooperation Between Papua New Guinea and Australia*.

7. An Employee shall inform the Australian High Commissioner to Papua New Guinea as soon as practicable if the person, or a household member, comes to the notice of Papua New Guinean law enforcement authorities, except in the matters of minor traffic infringements.

Cultural Sensitivity

8. Employees shall be sensitive to, and fully respect, the culture and local customs of Papua New Guinea. Employees shall respect laws and customs that are protective of local cultural property.

9. Employees should be mindful that Papua New Guinean nationals who are Public Servants or members of the Royal Papua New Guinea Constabulary are bound by the terms and conditions of the Papua New Guinea National Public Service.

10. Employees shall respect the Papua New Guinea Public Service Code of Business Ethics and Conduct.

Acceptance of Gifts, Benefits and Hospitality

11. An Employee and members of his or her household shall not accept bribes, gifts or other benefits or advantages that are offered in connection with the Employee's duties, status, power and authority. Employees should not accept hospitality where acceptance would give rise to a real or perceived conflict of interest. Where refusal of a gift or hospitality is likely to give offence to an extent that could adversely affect the SGP, or Australian and Papua New Guinean interests, the Employee may accept the gift or hospitality, but must promptly report it to the Australian High Commissioner and the head of the host Papua New Guinean agency. Employees should seek further guidance from the Australian High Commission in Papua New Guinea as to the appropriate procedures.

12. Money *must never* be accepted as a gift.

Appropriate Personal Behaviour

13. An Employee shall not engage in behaviour at any time which is likely to affect adversely his or her ability to perform his or her duties, or which is likely to bring the SGP, Australia or Papua New Guinea into disrepute.
14. Sexual activity and the use of alcohol or other substances including prescription and non-prescription drugs are particular areas of sensitivity where conduct may more easily be seen as offensive or be misinterpreted. Particular attention to appropriate personal behaviour in the local Papua New Guinean context is therefore required.
15. Employees should familiarise themselves with the laws of Papua New Guinea concerning sexual activity, including age of consent requirements and adultery.

Household Members

16. Accompanying household members are private persons not covered directly by this Code or subject to any formal obligations under the Australian Public Service Act and Australian departmental directions. However, accompanying household members have obligations as codified in Article 6 of the *Joint Agreement on Enhanced Cooperation Between Papua New Guinea and Australia*. As a result of their visibility and identity as part of the SGP 'community', the actions of household members can have an impact on the reputation of the SGP and Australia.
17. Employees shall take all reasonable steps to ensure that members of their households are aware of, and observe and respect local laws, culture and customs.

Respect for Others and Tolerance of their Opinions

18. As in Australia, Employees have a duty to contribute to the effective functioning of the workplace by treating their colleagues and the public with respect and courtesy. This requires particular attention to the different cultural and socio-economic backgrounds, beliefs and opinions of the people encountered in the workplace and outside it.
19. Employees shall respect the cultural background of colleagues in the Papua New Guinean workplace; not discriminate against or harass such persons or any other persons because of their sex, marital status, ethnicity, origins, age, sexual orientation, disability or religious beliefs, or upon any similar ground; and respect the privacy of individuals when dealing with personal information.

Integrity and discretion under the Joint Agreement on the Strongim Gavman Program between Australia and Papua New Guinea

20. Arrangements made for SGP employees with respect to their deployment are aimed to facilitate the operation of the SGP, and not for any personal benefit. SGP employees must act with integrity and discretion in relation to any privilege he or she may have as an SGP representative.

Implementation

21. Compliance with the obligations set out in this Code is a condition of being deployed to PNG under the SGP.

22. Employees have an obligation to report apparent or alleged breaches of this Code to the Australian High Commissioner and to their agency head and, where appropriate, to the senior Australian SGP official in their sector.

24. Employees in any doubt about the application of this Code or its practical implementation should seek guidance from the senior Australian official in their sector or the Australian High Commissioner.

ACKNOWLEDGEMENT

I have read the above Code of Conduct for Australian Public Service employees deployed under the Strongim Gavman Program and the Australian Public Service Code of Conduct. I have also read the Guidelines for Resolving Allegations of Misconduct and Disputes, found at Appendix B of the SGP Management Framework. I understand these documents and will fully comply with these requirements.

Signature (Employee)

Signature (Witness)

Full name

Full name

Position

Date

/ /

Date

/ /

9.3. APPENDIX C: DETAILED INDICATIVE BUDGET (BASED ON 50 ADVISERS)

NOT FOR BROADER DISTRIBUTION BEYOND PNG-AUSTRALIA GOVERNMENT SENIOR OFFICIALS

9.4. APPENDIX D: OPERATIONAL BUDGET GUIDELINES

INTRODUCTION

The purpose of the Operational Budget is to assist and support Strongim Gavman Program (SGP) Officials through the provision of a satisfactory working environment and to support implementation of their ToRs, joint work plan, and capacity development agreements, as jointly developed with their PNG Government agency. Officials must develop a budget for all program support costs as soon as possible after arrival, and at the start of each Australian financial year (template is at [Attachment A](#)). The budget may be amended during the financial year.

PRINCIPLES

Expenditure under the Operational Budget will:

- Implement the objectives of the SGP official's work plan;
- Meet the principles of the Australian Commonwealth Procurement Guidelines;
- Meet the principles of the Australian Financial Management and Accountability Act;
- Meet the principles of the PNG Public Service Management Act;
- Be consistent with PNG OH&S and office security;
- Be consistent with the SGP Code of Conduct; and
- Ensure no duplication with non-salary entitlements.

Procurement should be based on the Commonwealth Procurement Guidelines including:

- Value for money;
- Efficiency and effectiveness;
- Accountability and transparency;
- Appropriateness & Sustainability; and
- Ethics.

This document must be read in conjunction with the *AusAID Whole-of-Government Deployee Guidelines August 2007* with particular reference to Part 4: SGP Non-Salary entitlements (provided prior to departure from Australia).

SCOPE

Each official is allocated up to 75,000 Kina under the Operational Budget. This can be allocated for two purposes:

- Office-related expenditure to ensure the official is equipped in the workplace; and
- Work plan related expenditure to assist the official implement their ToRs and work plan, as jointly agreed with their PNG Government agency and counterparts.

It is each official’s responsibility to balance their budget across these two items, and the budget will need to be endorsed by the Team Leader prior to submission.

OFFICE SET-UP AND MAINTENANCE

Office environments in the PNG public sector will rarely meet Australian standards. The Operational Budget can therefore be utilised to create conditions to ensure the official is able to operate safely. Parity with counterparts however, is a key consideration. Decisions on all furniture, fittings and other refurbishments will therefore consider the size, condition and standard of agency counterpart furniture and fittings. Counterpart furniture and fittings cannot be upgraded to maintain parity.

FURNITURE AND FITTINGS

Upon initial filling of a position, the furniture items listed below may be purchased through the Operational Budget. This does not generally include items such as printers and photocopiers. New furniture will only be provided when the item has been irreparably damaged or is inappropriate for use by the incoming replacement official.

Acceptable items	Not acceptable
Desk	Water coolers
Chair	Microwaves
Visitor chair	Refrigerators*
Filing cabinet	Photocopiers
Book shelf	Telephones
	Printers*

* In exceptional circumstances a case may be made for the provision of these items.

Responsibilities

PNG Government agency

Under the ECP Treaty (Article 17.4) the PNG Government agency is obliged to ensure a safe and secure workplace.

SGP Team Leader: Liaise with Service Provider to ensure there is an appropriate office space set up for Officials.

SGP Officials: Provision of justification for additional items.

Service Provider: In consultation with the PNG host agency and AusAID, purchase of furniture and equipment over additional items.

FIRST AID

A first aid kit will be provided to each worksite where an SGP Officer is conducting regular work. It should be prominently and securely located near where each SGP officer is located and be made available for counterpart use.

Responsibilities

SGP Officials: Advise Team Leaders of any missing items in first aid kits.

SGP Team Leader: Ensure there is a basic first aid kit in each area where an SGP officer works; ensure the first aid kit is regularly checked and advise the Service Provider when items need replenishment.

Service Provider: Purchase of first aid kits and replacement items.

TOILET FACILITIES

The Operational Budget can be utilised to acquire personal toilet paper, handtowels, soap and cleaning products. agency counterparts as well as SGP Officials must have access to toilet facilities. Toilets can only be locked to deny public access if there are appropriate arrangements for access to keys by staff.

SGP Officials: Liaise with Service Provider to purchase any necessary items.

OFFICE CONSUMABLES

The Operational Budget can be used to provide reasonable essentials such as pens, paper and other office supplies. These items are for personal use only and not for the general use of counterparts.

Responsibilities

SGP Officials: Follow Service Provider's procedures for requesting office consumables.

Service Provider: Ensure all Officials have up to date copies of relevant procedures for requesting office consumables; and provide a timely response to all requests.

OFFICE REFURBISHMENT

With regard to the PNG Government agency's responsibility for providing a safe working environment, AusAID and the home agency will consider any requests for office refurbishments on a case by case basis. If there is concern about the standard of office accommodation for security reasons, Team Leaders should bring this to the attention of the SGP Security Adviser.

Acceptable items	Not acceptable
Office refurbishments on security or OH&S grounds	Major refurbishments of building fabric or office layout alterations
Fans	Air conditioning*
	Utilities
	Back-up power generators
	Building rent
	Repair or restoration of lift services

* In exceptional circumstances a case may be made for the provision of these items.

Responsibilities

SGP Officials: Liaise with Team leader regarding office upgrades.

SGP Team Leader: Advise of any security concerns regarding office accommodation; and liaise with the PNG Government agency, AusAID and Service Provider regarding office upgrades.

Service Provider: Liaise with AusAID to seek approval for office renovations, as appropriate; and undertake security assessments, as required.

AusAID: Liaise with home agencies to reach agreement on the need for office renovations or refurbishments.

Home Agencies: Liaise with AusAID to reach agreement on the need for office renovations or refurbishments.

COMMUNICATIONS

The Operational Budget covers the provision of mobile phones and computers for official use. When an Official is replaced, these are generally handed over to the replacement. Mobile phones may be used for personal use but the cost of personal calls must be repaid. Mobile phones are provided in preference to land lines because of their unreliability in PNG.

Acceptable items	Not acceptable
Lap top computer and UPS	Payment of agency phone bills
Mobile phone	Connection of additional phone lines to host agencies*
Cost of official calls from mobile phone	

* This may be considered under exceptional circumstances.

Responsibilities

SGP Officials: Reimburse the Service Provider for all personal calls.

Service Provider: Provide officials with home and mobile phones, and home internet access.

HOSPITALITY

The Operational Budget may be used for official functions for the provision of food, non-alcoholic beverages and entertainment. Each SGP official has a K1,000 limit for hospitality expenditure per person per year. If preferred, this amount may be pooled per agency and managed by the Senior Official or Team Leader.

Hospitality must be for representatives of other countries and/or organisations important to GoA development assistance functions that can provide either advice or services relevant to the delivery of the SGP.

It cannot be used for Commonwealth of Australia Government officials, entertaining other SGP Officials or their families, nor is it to be used for Christmas parties.

Receipts must be provided with the acquittal.

Responsibilities

SGP Officials: Provide full acquittal including all receipts to Service Provider to seek reimbursement; and provide appropriate justification of expenditure.

Service Provider: Provide reimbursement of funds.

CAPACITY DEVELOPMENT COSTS

Upon commencement in PNG each official will develop a joint work plan and partnership agreement with their PNG colleagues, with advice from the capacity development adviser. This will identify capacity development costs such as work-related travel requirements, training, seminars, and other budget items to achieve the work plan outputs.

The PNG agency head will approve the work plans and the SGP official will then submit it to the Service Provider and the Secretariat for funding approval under the Operational Budget.

PROFESSIONAL RESOURCES

The Operational Budget may be used to purchase essential professional resources such as:

- Legislation on CD-Rom;
- Accounting standards;
- Auditing standards;
- Relevant Corporate documents.

Responsibilities

SGP Officials: Follow Service Provider's procedures for requesting professional resources.

Service Provider: Ensure all Officials have up to date copies of relevant procedures for requesting professional resources; and provide a timely response to all requests.

CONSULTANCY/ADVICE – SHORT TERM

The Operational Budget may be used to engage short term consultancy services such as for professional or technical advice from Australia or PNG to support SGP functions and workplans. Examples include:

- Accounting (e.g. financial statement preparation, financial management advice etc);
- Auditing;
- Costing of services;
- Cost benefit analysis;
- Legal advice;
- Technical IT advice.

Responsibilities

SGP Officials: Follow Service Providers' procedures for procurement.

Service Provider: Ensure all Officials have up to date copies of relevant procedures for requesting support; and provide a timely response to all requests.

TRAVEL

The Operational Budget may be used for official travel by SGP officials to meet the objectives of SGP and agreed workplans. Official travel for PNG public servants within PNG to undertake SGP-related activities should be met by the PNG Government. In exceptional circumstances, a request for counterpart funding can be made to the Secretariat.

Official travel can not be arranged to facilitate private leave and officials should not derive personal benefit from their position for any recreation leave. In line with leave conditions for all posted Government officials, personal leave taken overseas in conjunction with official duty is limited to 20% of the official duty period (ie. one day of recreation leave for every 5 days away officially). If there are any extenuating circumstances as to why more leave should be taken (including AWA/Collective/Certified Agreement provisions), this should be discussed with the Home agency in consultation with the Secretariat. (note: all travel must be approved by the SGP Security Adviser prior to agreement and revised at the time of travel)

Responsibilities

SGP Team Leader: Maintain team travel plan.

SGP Officials: Follow Service Providers' procedures for travel; report in full on work-related travel to home agencies in Canberra, or upon request of the Secretariat or AusAID; provide input into team travel plan; manage and follow procedures for travel by PNG public servants (if applicable).

Service Provider: Ensure all Officials have up to date copies of relevant procedures for travel; provide a timely response to all requests.

AusAID: Liaise with home agencies regarding any request for recreation leave attached to official travel which is greater than 20% of the official travel.

Home Agencies: Liaise with AusAID regarding any request for recreation leave attached to official travel which is greater than 20% of the official travel.

TRAINING

AusAID provides training to PNG agencies through a range of programs and activities, and plans are developed in close coordination with each agency. Training needs may be identified through a range of channels including SGP officials but developed overall by agencies HR areas.

However, in addition to this SGP Officials may wish to run training workshops and seminars for staff. In this case, the Operational Budget may be utilised to provide training and development materials; and venue hire and refreshments (if necessary). This does not include personal professional development for SGP Officials which must be approved and paid for by home agencies.

Responsibilities

SGP Officials: Develop workshop or seminar; and liaise with the Service Provider on procurement (as necessary).

Service Provider: Ensure all Officials have up to date copies of relevant procedures for procurement; and provide a timely response to all requests.

ADDITIONAL SUPPORT

There may be occasions where, due to exceptional circumstances, the Operational Budget could be used to fund additional items generally not allowable under these guidelines. In these circumstances, funding requests should be discussed with the AusAID sector program manager or with the Secretariat for officials in the Border Management sector.

INDICATIVE ANNUAL BUDGET

Name of Official	
Name of PNG agency/Dept	
Position Held	
Sector/Team Leader	
Australian Financial Year	

PART A: SGP OFFICIAL COSTS (PLEASE EDIT/ADD CATEGORIES)

	DESCRIPTION	UNIT	COST (K)	TOTAL (K)
	Office Consumables			
	Specific equipment			
	Sanitation			
	Home Office			
	Other			
	SUB TOTAL			

WORK PLAN COSTS

A copy of the Work plan Signed by PNG Agency Head must be attached

	DESCRIPTION	UNIT	COST (K)	TOTAL (K)
	Travel			
	Per diems			
	Accommodation			
	Professional Resources			
	Consultancy Advice/Services			
	Training Kits			
	Workshop Space			
	Workshop Supplies			
	Workshop Food/Bev			
	Other			
	SUB TOTAL			

9.5. APPENDIX E: GUIDELINES FOR JOINT SELECTION AND RECRUITMENT

This paper sets out guidelines for the joint selection and recruitment of Australian Officials through the SGP. Selection processes differ from agency to agency and are not required to be consistent across the SGP. The Australian Government agency will need to brief all selection panel members on the process to be followed.

The selection process should not be rushed and a considered process should be undertaken rather than risk an inappropriate appointment. If a suitably qualified and experienced candidate is not found through the selection process the position should not be filled.

As part of the broader aid program, SGP promotes gender equality through demonstrating equal opportunities and placements for positions through the program. Wherever possible women who have worked in PNG as SGP officials should be available to advise potential SGP applicants. AusAID can also participate in the selection panel to ensure that the orientation of the applicant towards capacity development is tested sufficiently.

The selection process should be based on the position ToRs, including the selection criteria and desired attributes. The performance standards in the ToR Key Result Areas can provide a clear operational focus for questions on the three dimensions of technical skills, capacity development orientation and essential complementary skills. Essential complementary skills comprise interpersonal skills including communication, active listening, mentoring and coaching to name a few.

There should be an appropriately qualified and experienced pool of applicants. This is assisted by several factors, including advertising in appropriate locations (state and national); promoting the value of the appointment within the Australian agency; and ensuring that on completion of placements officials are appropriately integrated back into their Australian agency.

Potential applicants should have full information available on position requirements prior to application including background on the PNG work environment. These materials can be drawn from the induction package developed by AusAID. Candidates will also be provided with the opportunity to speak with previous SGP advisers to broaden their understanding of the work environment and culture of PNG.

IDENTIFICATION OF NEED AND TOR DEVELOPMENT

As set out in the Management Framework, identification of SGP requirements in a PNG agency is the responsibility of the PNG Head of Agency. This process ensures that SGP assistance is demand driven, and that ToRs are targeted to meet a particular performance need within a PNG Government agency.

- 1) The AusAID sector program undertakes capacity diagnostic as part of core business. If the diagnostic is specifically requested for SGP this would be undertaken in consultation with the SGP Secretariat.
- 2) The SGP Secretariat develops the ToRs based on the capacity assessment and ensures comment and endorsement from the PNG agency and the counterpart Australian agency.

AGREEMENT TO A POSITION

- 3) The PNG Agency Head submits the ToR with a formal request to the SGP Steering Committee (through the SGP Secretariat) to consider an SGP placement (either a new position or to recruit for an existing position at end of the incumbents' term).

- 4) The SGP Secretariat tables requests for SGP assistance with the SGP Steering Committee meeting. The Steering Committee considers the request with consideration to the nature of the requirement, alignment with PNG development strategies, scope of SGP across PNG Agencies, and the aid program resource envelope. The Steering Committee will ensure appropriate consultation with both Governments and should consult with the PNG Sector Coordination Mechanism. Australia's representatives to the Steering Committee will require appropriate time to consult with Australian agencies on issues.
- 5) Upon Steering Committee agreement to a position, the Secretariat advises the PNG and Australian Government agencies to proceed with joint recruitment.

JOINT RECRUITMENT

- 6) The Australian agency develops the recruitment document consistent with Australian Public Service recruitment guidelines (and agency guidelines, where necessary), which incorporates the agreed ToR. The recruitment document must be agreed by the counterpart PNG agency and AusAID prior to the position being advertised.
- 7) The Australian agency advertises the position, shortlists candidates and confirms an interview period and process wherever possible. Interviewing should be conducted at least three months ahead of the recruited official's expected commencement date.
- 8) The Australian agency agrees with the PNG Head of Agency where the interview will be held – either in Port Moresby or Australia, or by video-conference. The host organises the selection panel including: an Australian agency representative; the PNG position counterpart; and an AusAID official where possible to provide a development context to the placement. At least one woman should be on the panel.
- 9) The host agency arranges a two-day visit to Australia/PNG for the interview process. The second day should be utilised where possible for engagement or other discussions as required. Recruitment costs will be reimbursed to the Australian agency by AusAID through the RoU.
- 10) The Australian agency will write a letter of offer to the successful candidate, and copy to the PNG Head of Agency and the SGP Secretariat. The letter of offer will require that the successful candidate acknowledge their conditions of service in accepting the position.
- 11) Upon acceptance by the successful candidate, the Australian agency will advise AusAID Canberra to arrange logistics for the placement of the official, and copy to the SGP Secretariat.
- 12) The Secretariat tables outcomes of the selection process for noting at the next SGP Steering Committee meeting.

VISA ARRANGEMENTS

- 13) The Secretariat will advise PNG Immigration and Citizenship Services, copy to the PNG High Commission in Canberra, of the placement outcome and request issue of an appropriate visa. Immigration and Citizenship Services will authorise the PNG

High Commission to proceed with issuing the visa once a visa application has been lodged in accordance with the Entry Permit Policy for SGP⁷.

- 14) The Australian Department of Foreign Affairs and Trade advises the PNG High Commission in Canberra of the placement arrangements (via third person note), including particulars of the official and proposed commencement date.
- 15) The Australian High Commission advises the PNG Department of Foreign Affairs of the placement arrangements (via third person note), including particulars of the official and proposed commencement date.
- 16) AusAID Canberra advises the Australian High Commission and relevant Home Agency of visa details once issued.

INDUCTION PROGRAM

- 17) The successful applicant will undertake a reconnaissance and handover visit to PNG and participate in the induction program.

PLACEMENT COMPLETION

- 18) Australian officials complete their placements after a two year period.
- 19) The SGP official fills in the necessary departure forms at least six weeks prior to placement completion. This will include logistic forms related to returning to Australia, as well as a placement completion form for the Secretariat to facilitate monitoring and reporting of program efficiency.
- 20) The Australian High Commission advises the PNG Department of Foreign Affairs (via third person note) when the placement is completed.

EXTENSIONS

Placement extensions may be granted at the request of the PNG Head of Agency for a period of up to one year.

- 21) The SGP official should discuss extending their placement with both their home agency and PNG Agency Head. If both agencies support an extension, the PNG Agency Head should request an extension from the SGP Secretariat approximately four months prior to contract end, copy to the Australian agency. It is the responsibility of each official to ensure home agency support for the extension before a request is made to the Secretariat.
- 22) The SGP Secretariat assesses the request with consideration to monitoring and evaluation data and in consultation with the sector program/SGP capacity development adviser and advises the Steering Committee.
- 23) The SGP Secretariat writes to the PNG Agency Head to advise them of the Steering Committee decision, copy to Australian Government and AusAID Canberra.
- 24) Where an extension is supported, the SGP Secretariat will write to PNG Immigration and Citizenship Services, requesting a one-year visa extension. The SGP official should lodge a visa extension application through the DFAT Protocol section of the

⁷ Last version June 2008, available on request from AusAID.

Australian High Commission in Port Moresby, in accordance with the Entry Permit Policy for SGP⁸.

- 25) Placement completion processes are followed as above at a three year placement period.

⁸ Last version June 2008, available on request from AusAID.

9.6. APPENDIX F: CAPACITY DEVELOPMENT STRATEGY

The SGP will operate in numerous agencies across different sectors. Each sector operates, and in the case of Border Management, will operate with specific strategies and mechanisms relevant for its environment. It is therefore essential that there is greater integration of the SGP with the broader aid program to ensure a systematic and consistent approach to capacity development at the sectoral level. Specific or additional capacity development support for SGP officials to undertake activities, including guidance to the Border Management sector, can be sourced through the SGP Secretariat and the AusAID sector programs.

UNDERTAKING THE CAPACITY DIAGNOSTIC

The capacity development process is initiated once the PNG Head of Agency makes a request to the SGP Secretariat for capacity development assistance. The relevant AusAID sector program (comprising a specialist capacity development adviser) is contacted to work with the HoA to undertake the capacity diagnostic of the PNG agency and determine the type of capacity assistance required, i.e. SGP, Twinning, advisers sourced from the private sector, infrastructure/equipment, etc. Diagram 2 (pg.52) illustrates the capacity development process.

Each AusAID sector program will have an established capacity diagnostic methodology defined for its environment, which it will be used to determine the most effective form of capacity assistance for an agency. The diagnostic will include:

1. An analysis of the agency's key expected contributions to its sector over the medium term in the form of specific and targeted outcomes and outputs. These outcomes and outputs should be anchored by tangible and monitorable indicators and targets. Assistance can be sought from the AusAID sector programs to develop these indicators and targets.
2. The identification of which areas of the agency require capacity assistance. A department or agency should be able to identify the areas in the agency directly responsible for any key outcomes and outputs. In undertaking this exercise, identifying contributing constraining factors such as resources, staff, structures, systems, processes, technologies, and leadership concerns will allow for the development of a robust capacity assistance strategy.

If an existing and up-to-date diagnostic exists and contains the information stated above then it should be sourced to build the capacity development strategy for the agency.

FORMULATE THE CAPACITY DEVELOPMENT STRATEGY

Once the AusAID sector program utilises the above capacity diagnostic to determine that SGP is the appropriate mechanism for assistance it will work with the SGP Secretariat to develop the capacity development strategy for the agency and the target work units. The analysis from the above assessment will be the basis of the development of the capacity development strategy, which includes the terms of reference for the SGP placement, the development of the related workplan of the targeted agency unit, and the appropriate selection and induction of an SGP official.

In general, the SGP's capacity development strategy for a specific agency will typically comprise of and employ a variety of sub strategies based on the variables identified in the diagnostic. These sub strategies could potentially include one or more of the following:

- *Policy development* in partnership with the assigned work unit team. In the process, the SGP official will be responsible for also helping build systems and skills of the work unit to manage and implement the policy, as well as review it periodically.

- *Systems development and institutionalization.* This is often called for when existing systems are either dysfunctional, no more responsive to current needs, or simply in need of updating in the context of the availability of new technologies and processes. Again, the challenge will be for the SGP official to use his/her skills in assisting the counterpart work unit develop the new or revised system in a collaborative way, ensuring that learning takes place in the process. It is essential that sustained skill development for system maintenance is also developed.
- *Restructuring of processes, workflows, organization structures.* These are often the offending variables which unduly constrain performance. Addressing them however in a way that ensures that the agency and work unit always retain leadership of the process is a particular challenge for SGP officials. Decisions on such changes should only be taken after careful deliberation and analysis by the agency and supported by the SGP official since such changes can sometimes be potentially disruptive.
- *Leadership mentoring.* Often performance issues stem from the lack of vision and leadership capacity of key PNG counterpart officials who occupy senior management positions. More effective leadership on their part is sometimes the key variable in addressing a particular performance issue. The SGP official can and should play a key mentoring role in assisting the PNG counterpart to strengthen his/her leadership skills.
- *Technical skills development.* While an array of other factors often need to be addressed (eg policy, systems, structure etc), skills also often play a key role in addressing an underperformance issue. Thus, skills transfer will always be a key sub strategy of the SGP program. And this is typically achieved through appropriate on-job coaching.
- *Institutional Links.* Each host PNG Government agency and each sponsoring Australian Government home agency is encouraged to maintain ongoing relationships. While SGP is primarily about seconding senior Australian public sector officials to the PNG Government to assist with capacity strengthening, it is also about supporting ongoing links and collaboration between these two counterpart agencies on specific performance-related issues. The secondment of the Australian official is just one, though fundamental, aspect of this relationship.
- *Twinning programs* between agencies in Australian Government and the PNG Government, though not the primary focus of the SGP, are supported through the SGP. The purpose of the twinning would be to address specific performance issues identified through the performance diagnostic. Examples are the ongoing twinning programs between the departments of Treasury and Finance in PNG and their respective counterparts in the Australian Government.

Targeted selection of SGP positions becomes easier with the above approach to capacity development. By anchoring the SGP support to specific areas for improvement and identifying contributing constraining factors, the SGP can ensure that the advisory support is targeted to addressing the specifics of the needs identified. This will ensure both effectiveness and efficiencies.

DEVELOPMENT OF TERMS OF REFERENCE

A key component of the capacity development process is the preparation of the SGP official's terms of reference (ToRs). The ToR is developed by the SGP capacity development adviser in consultation with the Head of the Agency, the AusAID sector program, SGP Team Leader and the work unit. This is a fundamental document in the implementation of the SGP. The ToRs with performance indicators set the scene for a targeted SGP assignment:

- They ensure the SGP’s official’s expertise is pertinent to the need identified;
- They clarify expected contribution to the desired outcomes identified in the wider agency diagnostic; and
- They allow for ongoing monitoring of the placement.

The ToRs result from the diagnostic work and feed into the M&E processes that will assist with performance management in SGP. The ToRs will contain the performance indicators for the above aspects to be monitored, addressing contributing factors constraining the achievement of outcomes/outputs and the expected contributions of the SGP official – this will include the mentoring and development of local staff to ensure long-term performance improvements. They reflect clarity of need (at both the performance and capacity levels), and clarify the expected contributions of the SGP to addressing this need. The ToRs will be reviewed as part of the monitoring and evaluation process and may change during the course of the assignment in response to evolving circumstances.

DEVELOPMENT OF JOINT WORKPLANS

The SGP official becomes a counterpart to, and essentially part of, the functional unit in the client agency, with the intent to broadening the unit’s management experience, strengthening its policy expertise and enhancing the relationship between governments. The SGP official is assigned to work with a clearly identified PNG Government partner (usually a work unit). The work unit has the primary responsibility for the performance improvements which are being addressed with the help of the SGP. The SGP official becomes a *partner* of that work unit and will assist it to understand its capacity needs, and work with it to overcome these capacity needs and upgrade performance on the priority outcome or output utilising previous change processes that have been successful for the agency. It is important to note that it is not the SGP official who is provided a PNG counterpart but rather the functional unit in the client agency that is provided with the SGP official as a counterpart to help address performance issues. This is an important distinction and underscores the leadership of the PNG Government of the program and the capacity development focus.

SGP officials will work collaboratively with their work unit, facilitated by the capacity development advisor, to develop a workplan against the placement ToRs. This workplan will set out a collaborative team approach towards achieving the placement ToRs and will identify support required to achieve the workplan (including items such as travel and training). The workplan will be submitted to PNG Head of Agency for approval and to the Secretariat to approve funding through the Operational Budget⁹. Refer Attachment to this Appendix for a suggested workplan format.

CAPACITY DEVELOPMENT AGREEMENTS

PNG officials and SGP officials together will prepare Capacity Development Agreements that will guide progress in terms of team and/or individual capacity development on core work related activities. Capacity Development Agreements are intended to support implementation of the Joint Work Plan; they focus on the PNG officers to whom the SGP Official is a counterpart (as identified in the SGP official’s TORs and may include members of the work unit to which the SGP Official is assigned) and aim to identify the professional development goals that will underpin the Joint Work Plan. Agencies may elect to develop team-based or individual agreements (or both) depending on their specific needs.

Capacity Development Agreements will be endorsed by Divisional Heads (or more senior PNG agency officials, as appropriate) and SGP Team Leaders. They will not be provided to the SGP Steering Committee or Secretariat. There is no requirement to report progress to the Steering Committee

⁹ See Appendix D for Operational Budget Guidelines

although the Secretariat may seek information on capacity development activities and progress as part of its overall monitoring and evaluation function.

The SGP Capacity Development Advisor and/or sectoral capacity development advisors can provide advise on developing Capacity Development Agreements. Activities identified under the Capacity Development Agreements may be resourced through operational budgets.

APPROPRIATE SELECTION OF SGP OFFICIALS

The selection of the right kind of SGP official is critical¹⁰. The SGP official is selected as much for his/her technical capacity as for his/her capacity development orientation and relationship building in the workplace. The SGP is a capacity development program and as such must ensure it employs officials who have this capacity development orientation. The SGP official need not however, be an expert in capacity development. The official will be continuously supported on capacity development strategies by both the sector program and the Secretariat. But it is important that the SGP official understands the primary capacity development focus of the assignment, is interested in making capacity development contributions, is amenable to the continuing adjustment of his/her ToRs as circumstances evolve during the assignment, shows an expressed interest and commitment to assisting with strengthening capacity, is interested in maintaining and strengthening relationships with PNG Government on behalf of the Australian Government and is committed to expanding their skills base in an international development context.

APPROPRIATE INDUCTION FOR SGP OFFICIALS

The induction of the SGP official is important to the success of the assignment¹¹. An SGP official may have no prior overseas experience. He/she needs to be introduced to the nuances of PNG culture as well as to the context of the agency and larger public sector environment within which he/she will operate.

- The SGP official will participate in a pre-assignment induction process in Australia which is put together in consultation with the PNG Government. This pre-assignment induction process will also include a pre-assignment visit to the PNG Government agency to assist with his/her familiarization with the forthcoming working environment, and provide for language and cultural training. The induction process will be managed by the Learning and Development Section within AusAID.
- A post-arrival induction program will also be provided to the SGP official and facilitated by the Secretariat in collaboration with the sector program and PNG Government agency.
- It is important that the SGP official is familiarised with all the details of the PNG Government agency's operations such as - agency management structure, key unit roles and responsibilities, its policies and procedures, its decision making processes, its key operating systems, its relations with other departments and stakeholders, and its performance management and reporting requirements. This is the direct responsibility of the Head of Agency and the SGP official's counterpart unit, supported by the Secretariat.
- It is equally important that the SGP official is acquainted with the details of the sector within which the agency operates, the role of the agency within the sector, the overall sector coordinating mechanism, the sector program which is supporting both the sector and the

¹⁰ Guidelines for joint recruitment are at Appendix E

¹¹ The Induction Program is at Appendix J

agency, and how his/her role fits within the sector program's support for the target agency. This is the responsibility of the sector program supported by the Secretariat.

APPOINTMENT OF AN SGP CAPACITY DEVELOPMENT ADVISER

The SGP recognises that despite the deliberate and systematic approach taken to the appointment of appropriately skilled SGP officials, the fact remains that for most SGP officials, capacity development is not their mainstream occupation. They will inevitably require ongoing guidance and support in an area that is becoming increasingly challenging in the PNG context.

Accordingly, an SGP capacity development advisor will be appointed to work alongside SGP officials to develop a consistent approach to capacity diagnostic work, placement identification, and ToR development. The SGP capacity development advisor will be located in the SGP Secretariat. In due course it is expected that each of the sector programs covering the agencies targeted by SGP, will also have their own sector-related capacity development advisers. As and when this occurs, a dedicated Capacity Development adviser for the SGP may not be required. Instead, the sector capacity development advisers will provide ongoing support to the respective SGP officials who work in agencies belonging to their sectors.

KEY PRINCIPLES UNDERLYING THE CAPACITY DEVELOPMENT STRATEGY

In essence, capacity development as pursued by the SGP is a 'change process'. There is recognition that the institutions and organizations concerned are not operating as they should to deliver the service results expected. It is further recognized that particular weaknesses in capacity are a significant part of the underperformance of an agency. The change process promoted by SGP is substantially led by the management of each organization involved. The Head of Agency must recognise that SGP is one element of the broader aid support aimed at performance improvements, and hence seek other support where appropriate.

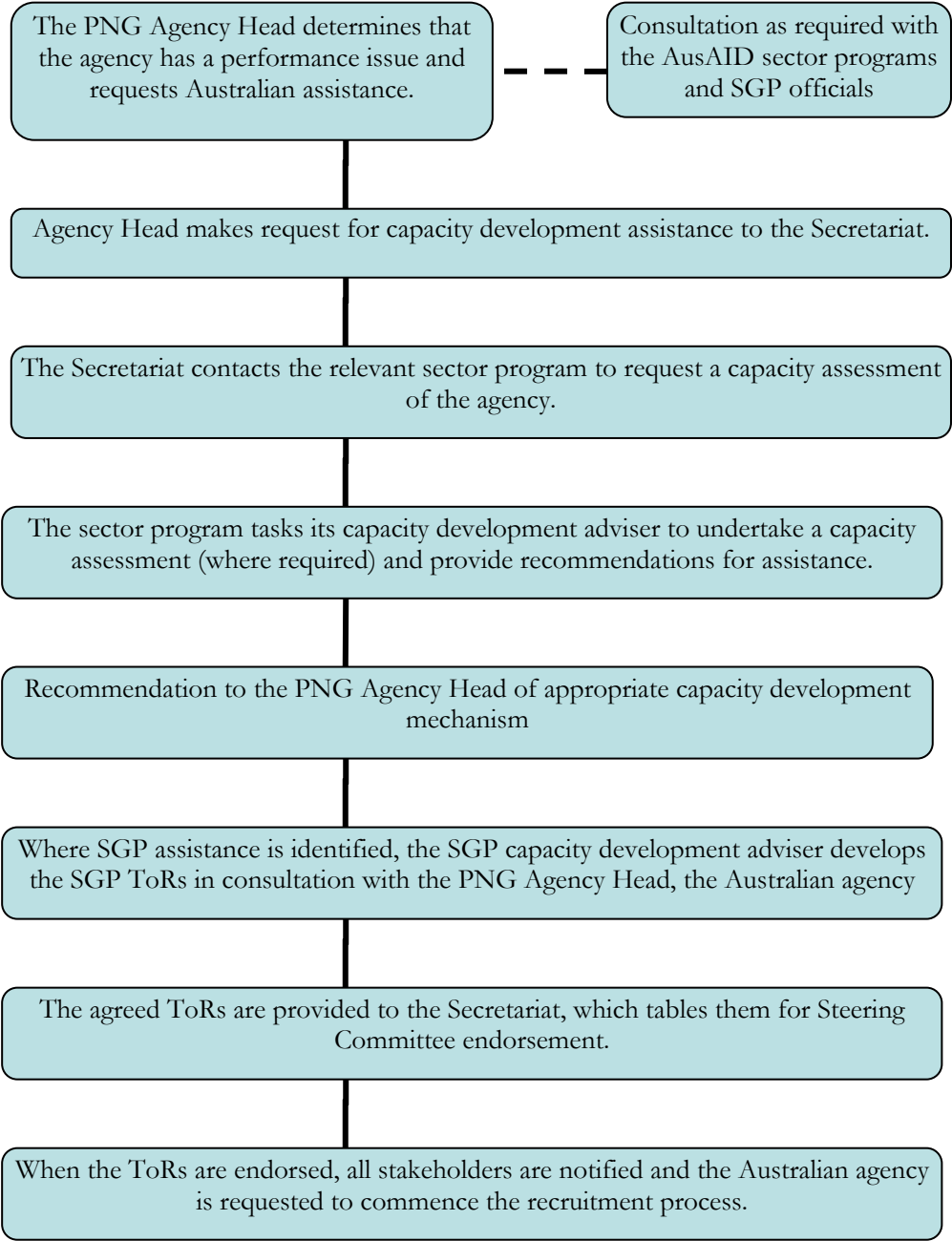
COMPLEMENTARITY WITH SECTOR PROGRAMS

Capacity development programs operate in the target SGP sectors and agencies. These include the Law & Justice Sector Program, the Transport Sector Support Program and the Economic and Public Sector Program. Constant liaison with the sector programs within which the client agency operates is also a key operating principle of the SGP.

SGP capacity diagnostic work will become the core responsibility of the AusAID sector programs to ensure the SGP's approach to capacity development is consistent with that of the sector program. A comprehensive diagnostic is sometimes not necessary. It is possible it has been done already by the ongoing sector program. The SGP capacity development adviser will work with the sector programs and the relevant agencies to develop specific ToRs and workplans for SGP placements. The SGP Secretariat will facilitate all of the above for each SGP placement.

More comprehensive capacity development support from the SGP Secretariat will be provided to officials in the Border Management Sector where no sector aid program exists. The capacity development support from the Secretariat will also provide overall coordination of SGP capacity development, at least until the capacity development focus of SGP becomes well established within an aid program-wide policy framework.

DIAGRAM 2: FLOW CHART OF IDENTIFICATION AND APPROVAL OF SGP POSITIONS



Indicative Format for Joint Capacity Development WorkPlan for each SGP Official and His/Her Counterpart Unit¹²

Capacity Development Areas	Baseline Data	Indicators and Targets	Progress during the Quarter
1.....		1.1.... 1.2... 1.3...	
Capacity Factors contributing to capacity development areas (Describe in precise terms)	Baseline Information	Capacity Development Action Plan	Progress during the Quarter
1.....eg dysfunctional system		1.1... 1.2... 1.3...	
2. eg no existing policy		2.1... 2.2... 2.3...	
3. eg lack of skills		3.1... 3.2... 3.3...	

¹² The same format should be used as a M&E document

9.7. APPENDIX G: MONITORING AND EVALUATION FRAMEWORK

As with the capacity development strategy, the M&E framework for SGP is to integrate with the broader aid program and PNG systems to ensure a systematic and consistent approach. The framework is to identify the key monitoring and evaluation principles that should be incorporated and aligned with any specific AusAID sector program M&E strategy and PNG reporting systems.

In addition, the SGP is a *high cost program*. All the more reason therefore for disciplined monitoring and evaluation of the capacity development approach. We need to demonstrate value-for-money and the continuing comparative advantage of the SGP for addressing specialised capacity development needs in PNG.

The M&E framework translates the SGP objectives into monitorable performance indicators to enable evaluation of the capacity development assistance provided. The performance indicators provide a means for day to day performance management, periodic monitoring, ongoing risk assessment, while also contributing to the program evaluation. To ensure these outcomes the SGP will track changes (expected and unexpected), their causes, and the implications/risks for the program. The result of this M&E process is to derive the learning and to further develop the program and the PNG agency's SGP capacity development strategy.

KEY COMPONENTS OF THE SGP M&E

Sector programs such as Law and Justice or the Transport Sector program have M&E strategies developed for their specific sector environments. These include a list of performance indicators which report on outcomes to which all agencies within a sector contribute. The outputs of the SGP feed into the PNG agency outcomes, which in turn are part of the larger sectoral outcomes.

Since the SGP is focused on the agency and work unit output and outcomes each AusAID sector program and the SGP Secretariat will work together in ensuring that the development of these SGP specific performance monitoring indicators align and feed into the reporting of sector outcomes, while integrating with PNG reporting systems.

The starting point in developing the SGP performance monitoring indicators is to utilise the information in the capacity development strategy for the PNG agency and its work unit(s), specifically the ToRs and unit workplans. These documents will provide the basis for ensuring appropriate evaluation against the Organisation of Economic Cooperation and Development – Development Assistance Committee (OECD-DAC) criteria for evaluating development assistance, which has also been adopted by AusAID.

The SGP M&E framework comprises three key components for developing performance indicators, which should be incorporated in a PNG agency's SGP M&E strategy. These are as follows –

- (i) Monitor how the work unit is progressing in meeting a specific output or service, with the inclusion of SGP assistance. This is to include the contributing constraining factors such as dysfunctional systems, low level of skills, inappropriate structures or coordination processes. These would have been identified in the capacity diagnostic and an approach to addressing these would have been incorporated in the capacity development strategy.

Addressing the capacity issues, including the contributing constraining factors is not just the responsibility of the SGP official. It is in fact *primarily the responsibility of the work unit* of which the SGP official is a partner. The performance indicators and the strategies to address the capacity issues must be owned by the whole work unit.

- (ii) Monitor the role and impact of the SGP official in assisting with the agency's capacity development. The SGP Secretariat can facilitate, advice and record six-monthly discussions between the Head of an Agency and the SGP official(s) to ensure a range of voices are heard in the assessment and review of work undertaken, that there is collaborative and explicit discussions on capacity development approaches, and that unexpected change is captured.

Some typical performance indicators for this discussion that will demonstrate an SGP official's role and impact could include – (i) s/he is providing guidance and technical inputs as per the capacity development plan; (ii) s/he has supported and catalysed regular stocktake of progress by the functional unit on addressing relevant capacity development issues; and (iii) s/he has developed appropriate and helpful relationships with key members of the agency thereby facilitating the change process.

- (iii) Monitor broader sector-related developments within which the agency operates and which inevitably will affect both agency performance and the envisaged role and contributions of the SGP official. These developments may substantially influence (positively or negatively) the SGP official's efforts and support for the targeted institutional change envisaged by his/her ToRs.

Baseline information on performance indicators is essential. It is therefore important when undertaking the diagnostic and establishing the ToRs, that baseline information on the areas requiring capacity development is established. Well documented baseline information will ensure disciplined future monitoring and assessments of improvements. Where accurate baseline information is not available or suspect, agreement should be reached between the SGP official and his/her counterpart(s) on an as accurate as possible description of the current work level outputs and outcomes that is intended to be addressed.

PROCESS AND RESPONSIBILITIES FOR IDENTIFYING PERFORMANCE INDICATORS

It is essential that the PNG agency takes leadership in the capacity diagnostic. It is the agency's leadership and staff that best know the capacity concerns limiting the achievement of the desired outputs and outcomes. The involvement of AusAID sector program is important since in most cases it will also have been helping the PNG agency address other performance issues within the agency.

The SGP Secretariat will work with the AusAID sector program and the PNG agency to develop the Terms of Reference (ToRs) of the SGP official. This largely becomes the basis of the M&E processes which will assist performance management in SGP. The ToRs should contain the performance indicators for the aspects that will be monitored:

- They ensure the SGP's official's expertise is pertinent to the need identified.
- They clarify expected contribution.
- They allow for ongoing monitoring of the placement

PROCESS AND RESPONSIBILITIES FOR MONITORING AND REPORTING

A variety of monitoring reports are required by the SGP. Every effort must be made to adhere to GoPNG reporting processes and systems. Reporting of progress needs to be integrated into the ongoing performance management processes of the client agency. And if these do not operate in the agency of the SGP assignment, then it should become one of the targets of the SGP official to at least facilitate his/her counterpart unit providing periodic performance reports as required by GoPNG. Refer Attachment 1 for a consolidated list of required SGP monitoring reports.

Reporting progress on the areas provided with SGP capacity development assistance in an agency is the responsibility of the function team of which the SGP official is a partner.

- A workplan will be developed (as part of the capacity development strategy) by the function unit (of which the SGP official is a partner) based on the capacity diagnostic.
- The workplan will describe a strategy for addressing the capacity concerns, and will also specify milestones of progress.
- Progress will be reported to the HoA by the work unit, with the help of the SGP official.
- Reporting will be on a *six-monthly basis*, facilitated by the SGP official.
- The work unit will use agency performance reporting processes where possible.
- The SGP official will provide a copy of this progress report to his/her home agency and to the Secretariat to keep them informed of progress and enable further development of the assistance strategy.

Reporting on the SGP official's contribution to capacity development is also important.

- It is not usually possible (or advisable) to attribute specific performance improvements to the work undertaken by the SGP official. Numerous variables influence progress, besides the SGP official's contributions. On the other hand, the SGP official must show that s/he has undertaken a carefully structured approach and plan to addressing the capacity issues, and that the plan has been carried out efficiently and effectively.
- SGP official will provide the PNG agency executives with input to the work undertaken in the work unit and his/her specific work, as per any reporting structures in the agency.
- The SGP Secretariat will also facilitate and record six-monthly discussions between the SGP official(s) and the PNG Head of Agency, on how the placement is going, the value of the SGP official's contributions and an overall assessment of the work being undertaken in the unit, and whether there needs to be any adjustments in the capacity development strategy. The record of this meeting will be provided to the PNG Agency, the SGP Team Leader and the GoA home agency.
- The SGP official's individual performance appraisals should be managed by the SGP Team Leader (as the representative of the Home agency) with input and agreement from the PNG agency supervisor, and with a focus on the SGP official's work plan. The SGP Team Leader is jointly responsible for individual and team performance in line with position ToRs, the SGP M&E Framework and code of conduct expectations. Where possible, s/he should ensure alignment of the individual's performance assessment with the individual's Home Agency performance agreement.

The performance of the SGP Team Leader, (including the SGP team as a whole), will be assessed every six months via a meeting managed by the Home Agency with input from the PNG Agency Head, the Team leader, and the Secretariat. If required, the Home Agency can delegate management of this assessment to the Secretariat. If the Team Leader works across several agencies, all relevant PNG Agency Heads should be involved.

- In addition to this reporting, the GoA home agency may require a separate performance report specific to the home agency's requirements. This may be necessary since the SGP official remains an employee of the home agency even while on assignment.

- The GoA home agency is expected to visit PNG once a year (if feasible) for discussions with the PNG Head of Agency and Secretariat on progress of the SGP placement and on general agency-to-agency relations.

LINKS TO SECTOR PROGRAM MONITORING

The PNG agency typically reports on its agency-wide contributions to the sector on an annual basis. The report on progress towards achieving outcomes and outputs with the assistance of SGP should be part of the agency's overall annual progress report to the sector, AusAID sector program or the SCM, as it evolves.

The SGP official is encouraged to maintain continuous contact with the SCM and the AusAID sector program to liaise with it on linking up his/her capacity assistance and ensuring ongoing coherence with aid program.

MONITORING GENDER AND HIV ISSUES

Performance indicators for gender and HIV issues must be derived from the ToRs and workplan of the SGP placement, which will address these issues. The SGP placement will have incorporated approaches to these issues in their ToR and workplan, which will be developed in consultation with specialist advisers from the AusAID sector program and the work unit. It is possible that there are occasions on which gender or HIV issues are not directly pertinent to the assignment.

MONITORING OF THE OVERALL PROGRAM

Like any other AusAID managed aid program, the SGP must be *accountable for its relevance, effectiveness, efficiency, impact, and sustainability*, consistent with the OECD – DAC criteria for evaluating development assistance.

- **Relevance:** to assess whether the activity contributes to higher level objectives of the aid program.
- **Effectiveness:** to assess whether the activity achieves clearly stated objectives.
- **Efficiency:** to assess whether the activity is managed to get value for money from our inputs of funds, staff and other resources, and to continually manage risks.
- **Impact:** to assess whether the activity produces positive or negative changes (directly or indirectly, intended or unintended). The degree to which the various aspects of impact can be assessed will vary according to the nature and duration of the activity.
- **Sustainability:** to assess whether the activity appropriately addresses sustainability so that the benefits of the activity will continue after funding has ceased, with due account of partner government systems, stakeholder ownership and the phase-out strategy.

The Secretariat is required to report on the overall SGP program. This overall report must address the above criteria and on a further three AusAID criterion which highlight areas of aid activity management that generally need strengthening:

- **Monitoring & Evaluation:** to assess whether the monitoring and evaluation framework effectively measures progress towards meeting objectives.
- **Gender Equality:** to assess whether the activity advances gender equality and promotes women.

- **Analysis & Learning:** to assess whether the activity is based on sound technical analysis and continuous learning.

The Secretariat will source the information for this evaluation and reporting from all above stated reporting requirements. The overall report will include:

- The progress of each PNG agency against the capacity development strategy and work plan to address the identified capacity issues;
- The contributions of the SGP officials in assisting progress on these;
- The links being forged with the relevant AusAID sector programs and SCMs who are also working on capacity development within PNG agencies;
- Broader developments within the sector which are affecting agency performance as well as the relevance and effectiveness of the SGP intervention; and
- Learnings from progress to date and the implications for the ongoing program and/or future assistance.

The Secretariat will collate progress on all of the above into a cohesive, succinct overall program report. These reports will be undertaken six monthly and annually. The reporting should be provided:

- six monthly to the CACC, and the GoA home agencies with copies to the AusAID sector programs and SCMs.
- annually to the SOM, HLC, Ministerial Forum.

Summary of Monitoring Reports

Monitoring Reports	Periodicity	Source	Recipients
1. Progress Report in meeting a specific output	Six Monthly	Functional Unit of which SGP official is a partner	<ul style="list-style-type: none"> - HoA - GoA Home Agency Secretariat - SCMs (annually)
2. Report on the role and impact of the SGP official/s by PNG Agency	Six monthly	Secretariat	<ul style="list-style-type: none"> - HoA - GoA Home Agency Secretariat
3. Bi-annual SG Program Report	Six Monthly	Secretariat	<ul style="list-style-type: none"> - CACC - GoA Home Agencies - SCMs - Sector Programs
4. Annual SG Program Report	Annually	Secretariat	<ul style="list-style-type: none"> - CACC, SoM, HLC - Ministerial Forum

9.8. APPENDIX H: MONITORING AND EVALUATION ADVISER TERMS OF REFERENCE

BACKGROUND

The M & E Appendix of the SGP Management Framework provides details of the objectives, system and processes of the M&E Framework. The SGP Secretariat will be largely responsible to ensure that the M&E Framework is appropriately implemented. The M&E adviser will be a key resource to support the Secretariat.

KEY ELEMENTS OF THE M&E FRAMEWORK

1. The performance database, which includes baseline data and ongoing performance data from each client agency and on each SGP assignment. The database is located within the SGP Secretariat and managed by the Secretariat.
2. The six-monthly reports from each client agency of progress on capacity assistance and workunit progress. These are issued by the workunit within which the SGP official works. A copy of these reports will be provided by the SGP official to the Secretariat.
3. The six-monthly reports of each SGP official's role and impact in assisting with the agency's capacity development. These are to be facilitated and recorded by the SGP Secretariat.
4. Six-month and annual report on SGP progress done by the SGP Secretariat on the program's ongoing effectiveness, efficiency and sustainability.

KEY OUTPUTS OF THE M&E ADVISER

1. Guide the SGP Secretariat on the development of the performance database, which is necessary to monitor ongoing performance of the SGP and each SGP official effectively. The baseline database is the first urgent priority of the M&E system. Unless the baseline data is established for each PNG agency and each SGP assignment, no effective monitoring and evaluation will be possible.
2. Guide the SGP Secretariat on how the content of reports should be inputted into the performance database and how this database should be maintained. The day-to-day inputting of data and data maintenance will be undertaken by the Secretariat with the help of its long-term support staff.
3. Twice a year, visit PNG to discuss progress with selected agencies and SGP officials and verify what has been documented through the reports.
 - These visits should be February/March and August/September each year.
 - Approximately five to seven agencies will be consulted each visit.
4. During and following the twice-yearly in-country visit, assist the SGP Secretariat to prepare the overall SGP reports:
 - A six-monthly report will be provided to CACC and the Australian home agencies in August each year.

- The annual report will be submitted to all key stakeholders, including senior officials meetings and high level aid consultations. The annual report will be prepared and submitted in February each year.
5. Through the visits and reports described above, guide the SGP Secretariat with regard to:
- Key lessons emerging from program implementation;
 - How these lessons can be best disseminated to key stakeholders; and
 - How these lessons can be used to adjust the program design and implementation processes.

INPUT REQUIREMENTS

The M&E Adviser will be contracted on the basis of the following inputs:

- a visit to PNG in the first half of the year for discussions with PNG agencies and SGP officials and to prepare the annual report;
- A three-week visit to PNG in August for discussions with PNG agencies and SGP officials and to prepare the six-month report; and
- Other periodic inputs as required by the SGP Secretariat (e.g. visits to Canberra to disseminate ongoing learning from SGP implementation, special report preparation in response to PNG or Australian Government requests etc).

All of the above inputs should be considered flexible to allow for reduction or expansion depending on the extent of monitoring and analysis required and the numbers of client agencies and SGP officials involved.

REPORTING AND LIAISON REQUIREMENTS

- The M&E adviser will report to the SGP Secretariat.
- They will be available for discussions with Australian home agencies (on request) if there is a need for more detail discussions on ongoing progress with their counterpart agencies.

9.9. APPENDIX I: CAPACITY DEVELOPMENT ADVISER TERMS OF REFERENCE

PURPOSE

These terms of reference are for a Long-Term Capacity Development Adviser (the Adviser) to deliver services required to support the Strongim Gavman Program (SGP) under the PATTAF Service Order.

BACKGROUND

As agreed at the April 2008 Ministerial Forum in Madang, the SGP will have a greater focus on skills transfer, assigning of counterparts to Australian Government officials who will mentor them, and clear linkages to twinning and short-term staff exchanges. The SGP will also have a capacity development focus that implements the recommendations of the SGP Capacity Development Strategy.

During the SGP transition phase, capacity assessment and position rescope methodology is being applied to existing (ECP) positions. In 2009, some new positions may need to be scoped, including in agencies not currently part of the SGP (and thus without participation in the SGP agency capacity assessments).

ROLE OF THE CAPACITY DEVELOPMENT ADVISER

The Adviser will commence in January 2009 and be recruited until 30 September 2009. There may be opportunities for a longer-term appointment. The Adviser will:

a. Rescope SGP positions as required:

Work closely with sector program capacity development advisers to scope SGP placements (as required) using the SGP/sector program capacity assessment models. The Adviser will work independently to undertake this work for agencies in the Border Management using the SGP Capacity Development Strategy and other guidance from AusAID Post. This work will ensure that the ToRs for SGP official meet the capacity development needs of SGP agencies.

b. Develop capacity development work plans for SGP work units:

Work closely with sector program capacity development advisers in the Economic and Public Sector Governance Program, Transport Sector Support Program, and Law and Justice Sector Program to ensure SGP and PNG officials have a capacity development work plan in place that will implement the ToRs for the Australian Government official. The Adviser will work independently to undertake this work for agencies in the Border Management sector.

c. Assist with the implementation of the SGP Capacity Development Strategy

The Adviser will need to provide ongoing assistance as required to the Australian Government and PNG officials involved in the program, in the implementation of the SGP Capacity Development Strategy.

d. Provide support to monitoring and evaluation

The Adviser will need to assist with reporting required under the SGP M&E framework and work collaboratively with the M&E adviser in developing assistance and reporting strategies.

SPECIFIC TERMS OF REFERENCE

In consultation with key stakeholders and sector program capacity development advisers the Adviser will:

- 1) Rescope SGP positions as required;

- 2) Ensure ToRs conform to the agreed SGP format;
- 3) Ensure all SGP work units have a capacity development work plan aligned to position ToRs;
- 4) Ensure incorporation of the SGP Capacity Development Strategy in the SGP capacity assistance for a PNG agency. This will include a response to the finding of the capacity diagnostic and will require:
 - a focus on skills transfer coaching and mentoring between individual SGP officials and PNG counterparts;
 - facilitating role clarity and role expectations developed jointly between SGP Australian Government and PNG Government officials;
 - clearly articulating linkages to twinning and short-term staff exchanges, and broader aid program activities;
 - advising and supporting delivery of an induction program where required; and
 - identifying other relevant training and development programs in accordance with the SGP Capacity Development Strategy, sector program strategies and in close consultation with PSWDP;
- 5) Deliver ongoing capacity development advice to Australian Government and PNG Government officials to ensure the capacity development strategy is appropriate and effective. This will include:
 - developing coaching and mentoring skills for SGP officials;
 - introducing new concepts and innovative approaches to capacity development; and
 - developing practical capacity development process tools and instruments;
- 6) Provide support to SGP officials for monitoring and evaluation, in accordance with the SGP Monitoring and Evaluation Framework;
- 7) Support the AusAID policy coordination adviser in preparing reports to the SGP Steering Committee as required; and
- 8) Support the AusAID PNG program capacity development adviser to increase knowledge and coherence of capacity development across the PNG program.

DURATION

The Adviser will be contracted in January until the expiry of the PATTAF Service Order in September 2009. There will be a review of the position in September to determine its long-term viability in coordination with sector programs and devolvement.

REPORTING AND CONSULTATION

The Adviser will be responsible to the Facility Director, PATTAF for the contractual outcomes of the consultancy. The Adviser will report primarily to the AusAID Policy Coordination Adviser within the PNG Central Agencies Coordinating Committee Secretariat. The adviser will need to work

collaboratively with sector program capacity development advisers, and as required with AusAID sector program managers.

ADVISER QUALIFICATIONS AND EXPERIENCE

This is a senior Adviser position requiring whole of government information coordination; strategic and policy advice; and capacity development of executive management skills. The Adviser will be expected to meet the following qualifications and experience criteria to a high degree

- Demonstrated high level consultation skills;
- Broad understanding of public sector reform and workforce development issues in Papua New Guinea;
- Demonstrated knowledge of the PNG Government Public Sector and key stakeholder organisations;
- Demonstrated knowledge of organisational development and capacity development in public sector organisations in Papua New Guinea;
- Demonstrated capacity to undertake assessments, appraisals and reviews and report concisely;
- Proven capacity to develop sound working relationships working within a limited timeframe, maximising cooperation and skills transfer;
- Demonstrated capacity to undertake high level monitoring and evaluation;
- Proven capacity in using highly participatory approaches to ensure ownership of results;
- Overall high-level reporting and communication skills
- Ability to meet deadlines and deliver results within the time-frame available.

9.10. APPENDIX J: INDUCTION AND DEBRIEFING

The Strongim Gavman Program (SGP) Induction Guidelines form part of the SGP Capacity Development Strategy encapsulated in the SGP Management Framework. Appropriate induction of SGP officials is fundamental to maximising the capacity development impact of the program and will ensure that SGP officials can adapt smoothly to, and perform effectively in, their assignments. SGP officials may not have prior overseas experience and will need to be introduced to the nuances of PNG culture as well as to the context of their PNG agency and larger public sector environment within which they will operate. These Induction Guidelines summarise the induction program that all SGP officials are normally expected to undergo before their departure from Australia and on arrival in PNG.

The Guidelines have been developed to assist:

- officials selected for placements through the SGP;
- the Australian Government Partner Agencies from which SGP officials are selected; and
- the PNG Government Agencies in which SGP officials are placed.

The Guidelines have been prepared following a review of SGP induction procedures and with consideration to the recommendations in the jointly developed SGP Capacity Building Strategic Framework. Induction procedures will be strengthened in a number of ways including:

- Increased involvement of PNG Government officials in delivery of the induction program.
- Provision of relevant information to Australian officials earlier and in more flexible ways to maximise the pool of appropriate applicants for SGP positions.
- Strengthened emphasis in the induction program for approaches to capacity development in a cross-cultural context.
- Linkage of the induction program to subsequent professional development and networking opportunities for both SGP officials and their PNG Government counterparts in relation to capacity development.

The overall aim of the induction program is to ensure that SGP officials are fully prepared for their assignments and are assisted to adapt to living and working in PNG in the shortest possible time. To this end the induction program incorporates briefing, training and other learning opportunities in relation to:

- The PNG development context, current development strategies and programs.
- How the objectives of SGP fit within this context.
- The structure and operations of the PNG Government agency to which the SGP official is assigned.
- The SGP official's task and her/his responsibilities and accountabilities.
- Cross-cultural and capacity development issues associated with the SGP official's role.
- Knowledge and skills needed to ensure that the Commonwealth of Australia fulfils its duty of care responsibilities towards its employees and (where relevant) their partners.

The Guidelines define the core induction program but will be applied flexibly to address the circumstances of individual officials. For example, the requirement for an in-country briefing mission prior to commencement of an SGP placement will not necessarily apply in the case of officials with previous work experience in PNG. The standard core induction program will comprise self-paced study of electronic briefing material; 5 working days for the in-country briefing and handover mission (including travel time); 6 days pre-departure training; 5 days in-country induction and handover on arrival plus a one day of cultural awareness and capacity development in the second week after arrival.

The core induction program may be supplemented by additional forms of induction provided by PNG and Australian Government agencies.

Part 1 of the guidelines summarises the key responsibilities of officials and agencies participating in the SGP induction program.

Part 2 provides an overview of the induction program and details of its individual components.

Part 3 outlines the monitoring and evaluation arrangements for the induction program.

Part 1: Responsibilities

The principal stakeholders in the SGP induction program are:

- the PNG Government Agencies in which SGP officials are placed;
- the officials appointed to positions through the SGP;
- the Australian Government Agencies from which these officials are appointed;
- AusAID (Canberra) and the Post in PNG;
- AusAID’s SGP Implementing Service Provider (ISP) for delivery of components of the induction program and ongoing in-country support services; and
- the SGP Secretariat in Port Moresby, which is responsible for ensuring appropriate induction and capacity development support to SGP officials.

The key responsibilities of stakeholders in the induction program are as follows.

Stakeholder	Key responsibilities
PNG Government Agencies	<ul style="list-style-type: none"> ▪ Provision of agency briefing for SGP officials. ▪ Engagement of PNG Government officials in initial induction training (see Part 2, Component 8).
The SGP official	<ul style="list-style-type: none"> ▪ Completion of all pre-departure and in-country components of the induction program. ▪ Commitment to ongoing professional development following induction in relation to capacity development skills and knowledge.
Australian Government Agencies	<ul style="list-style-type: none"> ▪ Provision of some electronic briefing materials (see Part 2 Component 1) ▪ Release of officials from duties in Australia for their full participation in pre-departure components of induction. ▪ Delivery of a pre-departure briefing to the SGP official (see Part 2 Component 3).
AusAID	<ul style="list-style-type: none"> ▪ In consultation with Australian Government Agencies, the design, planning and management of the induction program. ▪ Oversight of the induction program content and delivery in Australia.
SGP Implementing Service Provider (ISP)	<ul style="list-style-type: none"> ▪ Delivery of components of the induction program, either directly or through sub-contractors. ▪ Provision of ongoing in-country support services to SGP officials.

SGP Secretariat	<ul style="list-style-type: none"> ▪ Oversight of in-country induction content and delivery for SGP officials ▪ Coordinate with individual PNG Government Agencies and officials in components of the induction program.

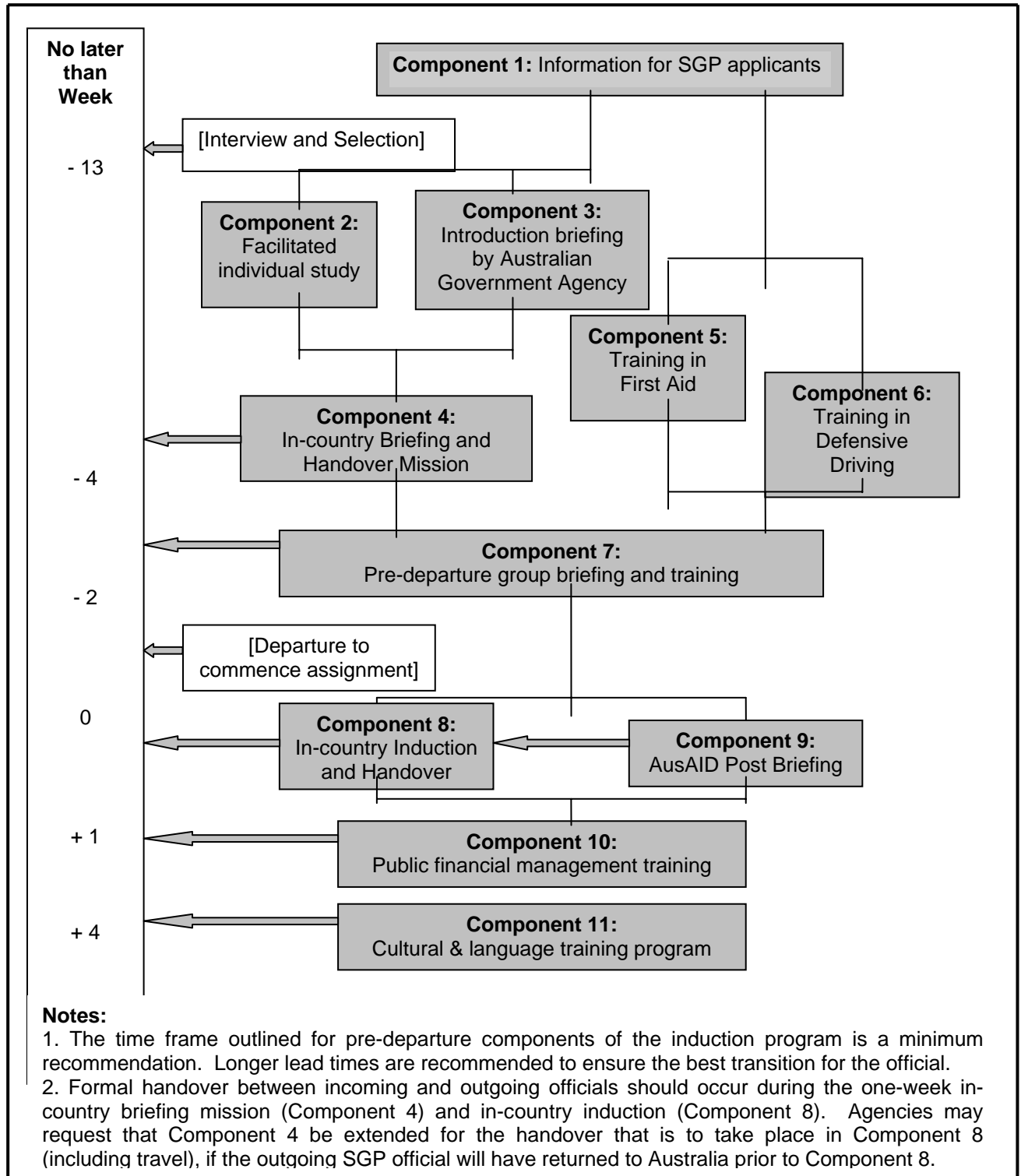
Proactive engagement in the induction program by all stakeholders, including the forward planning of its delivery to SGP officials prior to commencement of their assignments, will ensure that SGP officials can adapt smoothly to, and perform effectively in, their SGP assignments in the shortest possible time.

Management responsibilities for the delivery of individual components of the induction program and its timing are specified in Part 2 of these guidelines.

Part 2: Induction program structure and content

Overview

The SGP induction program consists of ten components delivered at various stages prior to the SGP official's departure from Australia and on arrival in PNG.



Component		Duration/Timing
1.	Information for SGP applicants distributed by electronic means	Prior to application for SGP position
2.	Facilitated individual study of initial learning material distributed by electronic means	Distributed within one week of SGP official's selection, for self-paced study prior to the In-country Briefing and Handover Mission (Component 3)
3.	Introduction briefing by Australian Government Agency on PNG, the Partner Agency and Sector.	Briefing completed prior to in-country briefing mission (Component 4)
4.	In-country Briefing and Handover Mission	3 full days in PNG undertaken ideally no less than 4 weeks prior to commencement of assignment in-country
5.	Training in First Aid	2 days any time prior to departure from Australia (subject to two week's notice of official's availability)
6.	Training in Defensive Driving	1 day any time prior to departure from Australia (subject to one month's notice of official's availability)
7.	Pre-departure group briefing and training	3 full days in Canberra no less than 2 weeks prior to departure from Australia
8.	In-country Induction and Handover	5 days immediately on arrival in PNG
9.	AusAID Post briefing	Half a day, normally as part of Component 8.
10.	Public financial management training	Half a day, normally within 4 weeks of arrival
11.	Cultural and Language Training Program	32 hours delivered over an 8 week period and completed within 3 months of arrival in-country

Induction Component 1: Information for Potential SGP applicants	
Purpose	To provide potential applicants for SGP placements with an adequate understanding of SGP objectives, the nature of the assignment they may apply for, the terms and conditions for placements and an initial understanding of living and working conditions in PNG.
Timing and Duration	Delivery to the Australian Partner Agency after approval of the SGP position by the Steering Committee.
Content	<ul style="list-style-type: none"> (a) The jointly agreed terms of reference for the position. (b) The selection criteria. (c) A description of the selection process and its timing. (d) A summary of the SGP's objectives and Management Framework. (e) A description of the induction program. (f) The terms and conditions of engagement through SGP. (g) Initial information on living and working in PNG including short video clips and interviews with PNG Government officials and returned SGP officials.
Delivery	Items (a) to (c) of the content will be delivered to potential applicants electronically by the relevant Australian Government Agency Coordinator. Items (d) to (g) of the content will be delivered by AusAID to potential applicants by electronic means via the relevant Australian Government Agency Coordinator.
Learning Outcomes	Applicants for an SGP placement should be able to submit their application and undergo the selection process demonstrating an adequate understanding of SGP objectives, the assignment they are applying for, an initial awareness of living and working conditions in PNG, and an understanding of their remuneration package.
Management Responsibilities	<p><i>Australian Government Agency SGP Coordinator:</i> distribution of content items (a) to (g) to potential applicants.</p> <p><i>AusAID (Learning and Development Section):</i> preparation of content items (d) to (g) and their distribution electronically to Australian Government Agency Coordinators.</p>

Induction Component 2: Facilitated pre-departure individual study	
Purpose	To provide SGP officials and their families with relevant opportunities to acquire background information on the context of their assignments via self-paced study, consistent with their continuing pre-departure commitments.
Timing and Duration	Consolidated compilation of background information provided to SGP officials within one week of their selection, accessed by appointees at times of their choosing in the period prior to the In-country Briefing and Handover Mission (Component 4).
Content	<p>A compilation of background documentation and other aids covering the following topics:</p> <ul style="list-style-type: none"> ▪ PNG history, politics, economy and society including its governance structure. ▪ PNG Government organisation structure; national planning, budget and staffing systems, if available from the PNG Government agency ▪ Codes of Conduct (APS; PNG; SGP). ▪ Overview of PNG-Australia development strategies and programs. ▪ Overview of the SGP: objectives and management structure. ▪ Cross cultural issues. ▪ Over-arching AusAID policies (including but not limited to gender, HIV/AIDS and anti-corruption policies). ▪ Capacity development issues. ▪ Mentoring & coaching techniques. ▪ Living and working in PNG: overview document. ▪ Video footage of Port Moresby and 'village PNG'. ▪ The induction program syllabus. ▪ Self-paced language training facility (CD/book). ▪ Reference websites for further study if/as desired.
Delivery	Distributed by AusAID to SGP appointees electronically via Australian Government Agency Coordinators.
Learning Outcomes	<p>By the time of their In-country Briefing and Handover Mission (Component 4) SGP officials should:</p> <ul style="list-style-type: none"> ▪ be familiar with basic facts relating to PNG, its governance structure and the PNG-Australia Development Cooperation Strategy and programs; ▪ have acquired an initial understanding of capacity development issues in a cross-cultural environment and capacity development techniques.
Management Responsibilities	<p>SGP Secretariat: coordination of PNG Government provision of information/clearance of documentation relating to the PNG Government governance structure and its transmission to AusAID.</p> <p>AusAID (Learning and Development Section) and SGP ISP: in cooperation with Australian Government Agencies and the SGP Secretariat, compilation of content; electronic distribution of content to Australian Government Agency Coordinators.</p> <p>Australian Government Agency Coordinators: content distribution to SGP appointees.</p>

Induction Component 3: Introduction Pre-departure briefing by Australian Government Agency	
Purpose	To ensure that SGP officials arrive in PNG with basic knowledge of the country, PNG agency, the capacity development opportunities in the PNG Government sector and their partner agency, and an understanding of their conditions of service and logistical arrangements. In-depth information to be provided in-country by the PNG agency.
Timing and Duration	Briefing completed prior to the In-country Briefing and Handover Mission (Component 4).
Content	<p>Australian Government Partner Agency briefing of SGP official in relation to the PNG Government sector and agency in which they will be placed with core briefing to include:</p> <ul style="list-style-type: none"> ▪ Functions, organisation structure and budget of the PNG Government agency in which the SGP official will be placed. ▪ Capacity development needs and/or corporate plans of the PNG Government agency. ▪ Names/contact details of other SGP officials of the Australian Government Partner Agency or in the sector, currently placed in PNG. <p>Documentation relating to the above topics will be provided by and/or cleared by the PNG Government.</p> <p>Australian Government Partner Agencies are also expected to provide a briefing on conditions of service and logistics (to be assisted by AusAID Change Management and Overseas Conditions Section as necessary)</p>
Delivery	<ul style="list-style-type: none"> ▪ Face-to-face briefing of the SGP official within her/his Australian Government Partner Agency. ▪ Provision (preferably in electronic form) of key documents specific to the PNG Government sector/agency in which they will be placed, once cleared by the SGP Secretariat and PNG Government.
Learning Outcomes	The SGP official should be able to commence their assignment in-country with a minimum of demands upon the relevant PNG Government Agency and its officials for basic knowledge/information about that PNG Government Agency.
Management Responsibilities	<p>SGP Secretariat: coordination of provision/clearance by the relevant PNG Government agency of documentation relating to the above content and its transmission to the relevant Australian Government Partner Agency and AusAID.</p> <p>Australian Government Partner Agencies: delivery of the above content to the SGP official.</p>
Note	Australian Government Partner Agencies are encouraged to liaise with their PNG Government Agency counterparts, the SGP Secretariat and/or AusAID Learning and Development Section to address information gaps.

Induction Component 4: In-country Briefing and Handover Mission											
Purpose	To familiarise the successful SGP official with living and working conditions in PNG, introduce the official to her/his PNG Government colleagues, and undertake a handover briefing from an outgoing SGP official (see Timing and Duration).										
Timing and Duration	<p>5 days (3 full days in PNG), preferably no less than 4 weeks prior to commencement of assignment in-country.</p> <p>Where the outgoing SGP official will be returning to Australia before the incoming officials arrival for Component 8, Component 4 may be extended for the handover that is to take place in Component 8,</p>										
Content	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">Day 1</td> <td> <ul style="list-style-type: none"> ▪ Travel to Port Moresby and met by SGP ISP. ▪ Review of mission itinerary and appointments. ▪ Initial briefing on security and cultural awareness issues (protocols for meetings with PNG Government officials). ▪ Meeting with Team Leader and SGP Secretariat on SGP management arrangements. </td> </tr> <tr> <td style="vertical-align: top;">Day 2</td> <td> <p>Morning: Formal introduction to relevant PNG Government agency Head followed by briefing by SGP Team Leader and PNG Government colleagues. Briefing should include:</p> <ul style="list-style-type: none"> ▪ Functions, organisation structure, budget, procedures and staffing of the PNG Government agency in which the SGP official will be placed. ▪ Principal legislation administered by the PNG Government agency. ▪ Performance improvement opportunities, capacity development needs and/or corporate plans of the PNG Government agency. <p>Afternoon: Initial briefing by SGP Team Leader, current SGP official in position (if any), and/or Capacity Development Adviser and prospective PNG Government colleagues followed later by informal social event.</p> </td> </tr> <tr> <td style="vertical-align: top;">Day 3</td> <td>Port Moresby orientation: escorted drives to visit accommodation, schools, shops etc and associated briefing by SGP ISP.</td> </tr> <tr> <td style="vertical-align: top;">Day 4</td> <td> <p>Morning: Meetings with other current SGP officials and advisors in the relevant sector; preparation of brief mission completion report for relevant Australian Government Partner Agency, copied to AusAID.</p> <p>Afternoon: Handover activities.</p> </td> </tr> <tr> <td style="vertical-align: top;">Day 5</td> <td> <p>Morning: Handover continued.</p> <p>Afternoon: Return to Australia.</p> </td> </tr> </table>	Day 1	<ul style="list-style-type: none"> ▪ Travel to Port Moresby and met by SGP ISP. ▪ Review of mission itinerary and appointments. ▪ Initial briefing on security and cultural awareness issues (protocols for meetings with PNG Government officials). ▪ Meeting with Team Leader and SGP Secretariat on SGP management arrangements. 	Day 2	<p>Morning: Formal introduction to relevant PNG Government agency Head followed by briefing by SGP Team Leader and PNG Government colleagues. Briefing should include:</p> <ul style="list-style-type: none"> ▪ Functions, organisation structure, budget, procedures and staffing of the PNG Government agency in which the SGP official will be placed. ▪ Principal legislation administered by the PNG Government agency. ▪ Performance improvement opportunities, capacity development needs and/or corporate plans of the PNG Government agency. <p>Afternoon: Initial briefing by SGP Team Leader, current SGP official in position (if any), and/or Capacity Development Adviser and prospective PNG Government colleagues followed later by informal social event.</p>	Day 3	Port Moresby orientation: escorted drives to visit accommodation, schools, shops etc and associated briefing by SGP ISP.	Day 4	<p>Morning: Meetings with other current SGP officials and advisors in the relevant sector; preparation of brief mission completion report for relevant Australian Government Partner Agency, copied to AusAID.</p> <p>Afternoon: Handover activities.</p>	Day 5	<p>Morning: Handover continued.</p> <p>Afternoon: Return to Australia.</p>
Day 1	<ul style="list-style-type: none"> ▪ Travel to Port Moresby and met by SGP ISP. ▪ Review of mission itinerary and appointments. ▪ Initial briefing on security and cultural awareness issues (protocols for meetings with PNG Government officials). ▪ Meeting with Team Leader and SGP Secretariat on SGP management arrangements. 										
Day 2	<p>Morning: Formal introduction to relevant PNG Government agency Head followed by briefing by SGP Team Leader and PNG Government colleagues. Briefing should include:</p> <ul style="list-style-type: none"> ▪ Functions, organisation structure, budget, procedures and staffing of the PNG Government agency in which the SGP official will be placed. ▪ Principal legislation administered by the PNG Government agency. ▪ Performance improvement opportunities, capacity development needs and/or corporate plans of the PNG Government agency. <p>Afternoon: Initial briefing by SGP Team Leader, current SGP official in position (if any), and/or Capacity Development Adviser and prospective PNG Government colleagues followed later by informal social event.</p>										
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Day 4	<p>Morning: Meetings with other current SGP officials and advisors in the relevant sector; preparation of brief mission completion report for relevant Australian Government Partner Agency, copied to AusAID.</p> <p>Afternoon: Handover activities.</p>										
Day 5	<p>Morning: Handover continued.</p> <p>Afternoon: Return to Australia.</p>										

Delivery	Face-to-face meetings and briefings; escorted orientation drives.
Learning Outcomes	<p>On completion of the in-country mission the SGP official should have:</p> <ul style="list-style-type: none"> ▪ obtained an on-the-spot appreciation of Port Moresby facilities and conditions; ▪ been briefed in-country on the PNG Government agency she/he will join and the needs analysis underlying her/his prospective assignment; ▪ undertaken a mutually satisfactory formal introduction to the Head of relevant PNG Government agency and her/his prospective PNG Government colleagues.
Management Responsibilities	<p><i>Australian Government Partner Agency:</i> release of SGP appointee from duty in Australia and forward planning of mission itinerary including coordination with Team Leader, Secretariat and AusAID (Whole of Government Operations Section).</p> <p><i>AusAID (Whole of Government Operations Section):</i> Approval of mission itinerary, liaison with SGP ISP and SGP Secretariat and advice to AusAID Post.</p> <p><i>SGP Secretariat in liaison with SGP ISP:</i> scheduling of appointments with relevant PNG Government Agency, SGP Team Leader (if any), outgoing SGP official (if any) and SGP Capacity Development Adviser.</p>
Special Needs	The duration and itinerary for Component 4 will be adjusted to meet the special needs of SGP officials considering assignments located outside Port Moresby. The incumbent should develop detailed handover notes to complement the handover briefing,

Induction Component 5: Training in First Aid	
Purpose	To provide SGP officials (and their partners where relevant) with skills in essential First Aid Management for use in situations where emergency services may not be available rapidly.
Timing and Duration	17 hours instruction and assessment over 2 days. Subject to 2 weeks advance notice provided by the SGP official to AusAID Learning and Development Section, this component may be undertaken at any time prior to the official's departure from Australia.
Content	<p><i>Days 1 and 2</i></p> <p>Theoretical and practical skills in essential First Aid management including:</p> <ul style="list-style-type: none"> ▪ CPR; ▪ head, neck and spinal injuries; ▪ shock, bleeding and burns; ▪ fractures and dislocations; ▪ chest and abdominal injuries; ▪ poisoning, stings and bites; ▪ medical emergencies; and ▪ practical first aid skills.
Delivery	Instruction and practice sessions delivered by St John Ambulance.
Learning Outcomes	On completion of this Component SGP officials should have received a St John Ambulance Statement of Attainment certification in 'Apply First Aid' valid for three years.
Management Responsibilities	<p><i>Australian Government Partner Agency:</i> release of SGP appointee from duty in Australia.</p> <p><i>SGP ISP:</i> booking of SGP official's participation in St John Ambulance course with 3 weeks prior notice of official's availability.</p>

Induction Component 6: Training in Defensive Driving	
Purpose	To provide SGP officials (and their partners where relevant) with skills in avoiding hazardous driving situations and dealing with driving hazards.
Timing and Duration	One full day. Subject to 30 days advance notice provided by the SGP official to AusAID Learning and Development Section this Component may be undertaken at any time prior to the official's departure from Australia.
Content	<ul style="list-style-type: none"> ▪ Seating position. ▪ Stopping distances. ▪ Following distances. ▪ Emergency braking. ▪ Lane change. ▪ Circuit/open road.
Delivery	Group classroom discussion and practice sessions delivered by a qualified driving instructor. SGP officials are encouraged to seek instruction relating to driving hazards potentially encountered in PNG.
Learning Outcomes	On completion of this Component SGP officials should be confident of their driving skills in the conditions they may encounter in PNG.
Management Responsibilities	<p><i>Australian Government Partner Agency:</i> release of SGP appointee from duty in Australia.</p> <p><i>SGP ISP:</i> booking of SGP official's participation in Defensive Driving course subject to 30 days prior notice.</p>
Special Needs	<p>The content of this Component will be modified to cater for the special needs of individual SGP officials, notably:</p> <ul style="list-style-type: none"> ▪ the needs of SGP officials with physical disabilities; ▪ the needs of SGP officials posted to assignments in rugged terrain.
Note	A brief refresher of the above content will be provided to the SGP official as part of in-country induction (Component 8) to ensure that officials can relate their learning to the driving environment in Port Moresby.

Induction Component 7: Pre-departure group briefing & training							
Purpose	<p>To:</p> <ul style="list-style-type: none"> ▪ brief the departing group of SGP officials on the development context for their assignments, their roles and responsibilities as SGP officials and the conditions they can expect to experience in living and working in PNG; ▪ provide, in a workshop setting, an introduction to generic concepts and approaches for capacity development in a cross-cultural context. ▪ provide opportunities for questions on and group discussion of these topics. 						
Timing and Duration	Three full days, no less than two weeks prior to departure from Australia for commencement of assignment.						
Content	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;"><i>Day 1</i></td> <td> <p><i>Morning: The PNG development context & SGP</i></p> <ul style="list-style-type: none"> ▪ Welcome by AusAID and strategy overview ▪ Current PNG programs and coordination mechanisms including linkages between programs in relevant sectors ▪ The SGP: objectives, management structure, current status ▪ Development context and the SGP: a PNG perspective <p><i>Afternoon: Understanding the task</i></p> <ul style="list-style-type: none"> ▪ SGP Capacity Development Strategy and M & E Framework ▪ Ex-SGP officials' perspectives ▪ SGP officials' roles and responsibilities including the PNG Government financial management and procurement framework </td> </tr> <tr> <td style="vertical-align: top;"><i>Day 2</i></td> <td> <p><i>Morning: Living & working in PNG (with family, if any)</i></p> <ul style="list-style-type: none"> ▪ Adapting to life overseas and managing expectations ▪ Medical information ▪ Security <p><i>Afternoon: Conditions of service</i></p> <ul style="list-style-type: none"> ▪ Legal issues and codes of conduct ▪ Pay and non-salary entitlements ▪ In-country induction and ongoing support </td> </tr> <tr> <td style="vertical-align: top;"><i>Day 3</i></td> <td> <p>Workshop: capacity development in a cross-cultural context</p> <p><i>Morning:</i></p> <ul style="list-style-type: none"> ▪ Models for understanding and working with cultural differences ▪ Intercultural communication ▪ Cultural adjustment <p><i>Afternoon:</i></p> <ul style="list-style-type: none"> ▪ Key concepts in sustainable development and capacity development ▪ Your role in promoting capacity development ▪ Working effectively with counterparts </td> </tr> </table>	<i>Day 1</i>	<p><i>Morning: The PNG development context & SGP</i></p> <ul style="list-style-type: none"> ▪ Welcome by AusAID and strategy overview ▪ Current PNG programs and coordination mechanisms including linkages between programs in relevant sectors ▪ The SGP: objectives, management structure, current status ▪ Development context and the SGP: a PNG perspective <p><i>Afternoon: Understanding the task</i></p> <ul style="list-style-type: none"> ▪ SGP Capacity Development Strategy and M & E Framework ▪ Ex-SGP officials' perspectives ▪ SGP officials' roles and responsibilities including the PNG Government financial management and procurement framework 	<i>Day 2</i>	<p><i>Morning: Living & working in PNG (with family, if any)</i></p> <ul style="list-style-type: none"> ▪ Adapting to life overseas and managing expectations ▪ Medical information ▪ Security <p><i>Afternoon: Conditions of service</i></p> <ul style="list-style-type: none"> ▪ Legal issues and codes of conduct ▪ Pay and non-salary entitlements ▪ In-country induction and ongoing support 	<i>Day 3</i>	<p>Workshop: capacity development in a cross-cultural context</p> <p><i>Morning:</i></p> <ul style="list-style-type: none"> ▪ Models for understanding and working with cultural differences ▪ Intercultural communication ▪ Cultural adjustment <p><i>Afternoon:</i></p> <ul style="list-style-type: none"> ▪ Key concepts in sustainable development and capacity development ▪ Your role in promoting capacity development ▪ Working effectively with counterparts
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Delivery	<p>Days 1 and 2: Briefing sessions presented by AusAID officers, Department of Foreign Affairs and Trade, a PNG National, the SGP ISP and a medical adviser; panel presentation and (subject to availability) discussion with 2-3 returned SGP officials.</p> <p>Day 3: Workshop facilitated by a specialist in intercultural effectiveness and capacity development.</p>						

Induction Component 7: Pre-departure group briefing & training (continued)	
Learning Outcomes	<p>Participants should:</p> <ul style="list-style-type: none"> ▪ be able to demonstrate an initial awareness of the PNG Government/Australian Government development strategy, programs and management arrangements; ▪ have a good understanding of their roles and responsibilities as SGP officials; ▪ have refined their expectations of living and working overseas; ▪ have a full understanding of their personal entitlements; ▪ have identified strategies for working effectively with cultural differences; and ▪ be able to demonstrate a basic understanding of key concepts and issues in capacity development.
Management Responsibilities	<p><i>Australian Government Partner Agencies:</i> release of SGP appointee from duty in Australia.</p> <p><i>AusAID (Learning and Development Section) supported by SGP ISP and sub-contractors:</i> scheduling, logistics and coordination of delivery.</p>
Notes	<p>The Workshop on Day 3 will provide SGP officials with an introduction to generic concepts and approaches for capacity development in a cross-cultural context. A follow-on workshop with a focus on capacity development in PNG and with the participation of PNG Government officials forms part of Induction Component 8.</p> <p>AusAID is currently developing its Pre-departure Security Briefing Framework. When finalised, this will be fed into the SGP Induction Program.</p>

Induction Component 8: In-country Induction and Handover (Week 1)

<p>Purpose</p>	<p>To:</p> <ul style="list-style-type: none"> ▪ Meet incoming SGP officials and their families where relevant, establish them in their accommodation, equip them with personal transportation and attend to their other requirements for ‘settling in’. ▪ Provide briefing on living and working conditions including the ongoing support services provided by the SGP ISP. ▪ Introduce SGP officials and their PNG Government colleagues to capacity development issues in the PNG context. ▪ Continue handover between outgoing and incoming SGP officials. 	
<p>Timing and Duration</p>	<p>Five days in Week 1 of placement in-country. Under normal circumstances, a formal handover will be continued in this week. In cases where the outgoing SGP official has returned to Australia, the handover should occur entirely during Component 4 instead.</p> <p>When a handover occurs during Component 8, Day 4 should consist of handover activities and the cultural awareness and capacity development workshop will occur the following week. When there is no handover occurring during Component 8, this workshop will occur on Day 4.</p>	
<p>Content</p>	<p>Day 1</p>	<p>Arrival: SGP official met at airport, given initial security briefing and escorted to accommodation.</p>
	<p>Day 2</p>	<p>Morning: Briefing by SGP ISP</p> <ul style="list-style-type: none"> ▪ Introduction to ISP staff. ▪ Security issues, services and equipment. ▪ Living and working in PNG. ▪ Uplift of personal belongings and accommodation arrangements. ▪ Ongoing support services. <p>Afternoon: Orientation drive around Port Moresby</p> <ul style="list-style-type: none"> ▪ With specific focus on routes to and from work and accommodation.
	<p>Day 3</p>	<p>Morning:</p> <ul style="list-style-type: none"> ▪ Opening of bank account(s) and issue of PNG driver’s licence. <p>Afternoon:</p> <ul style="list-style-type: none"> ▪ Briefing on formal and informal PNG systems and institutions and introduction to PNG financial management systems and regulations. ▪ Renewed social interaction with SGP/PNG Government colleagues facilitated by SGP ISP and SGP Team Leader.
	<p>Day 4</p>	<p>Cultural awareness and capacity development workshop OR continuation of formal handover (with PNG Government Agency colleagues-see Footnote)</p> <p>Morning:</p> <ul style="list-style-type: none"> ▪ Welcome and workshop objectives. ▪ Participants introduce themselves and their personal histories. ▪ Cultural differences - a PNG perspective. ▪ Cultural differences - an Australian perspective. ▪ A PNG perspective on working effectively in the PNG public service. <p>Afternoon:</p> <ul style="list-style-type: none"> ▪ SGP/PNG Government officials’ roles in capacity development.

		<ul style="list-style-type: none"> ▪ Practical approaches to and tools for capacity development, including PNG capacity development case studies. ▪ In-country professional development opportunities and ongoing support in relation to capacity development.
	Day 5	<p>Morning: AusAID Post briefing at Australian High Commission (see Footnote and Component 9)</p> <p>Afternoon:</p> <ul style="list-style-type: none"> ▪ Issue of vehicle ▪ Move into permanent accommodation ▪ Escorted household shopping
Delivery	<p>Days 1 to 3 and afternoon of Day 5: Briefing sessions with SGP ISP; escorted driving and provision of ISP's Information Manual.</p> <p>Day 4: One-day workshop co-facilitated by PNG and Australian Nationals, including SGP Capacity Development Adviser; workshop documentation distributed to participants in advance; social event at end of Day 4.</p>	
Learning Outcomes	<p>SGP officials and their families should:</p> <ul style="list-style-type: none"> ▪ Be fully briefed on living and working conditions in Port Moresby and aware of the ongoing support services available to them. ▪ Be capable and confident of using their personal transportation for work-related and other purposes. ▪ Have established with their PNG Government colleagues a shared initial understanding of requirements for working effectively with cross-cultural differences and their roles in contributing to sustainable development through capacity development. ▪ Be aware of the ongoing professional development opportunities and support they will receive in relation to capacity development in PNG. 	
Management Responsibilities	<p>AusAID (Whole of Government Operations Section): Notification of SGP ISP of SGP official's arrival date.</p> <p>SGP ISP: Delivery of Component 8 Days 1 to 3 and afternoon Day 5; sub-contracting and coordination of Day 4.</p> <p>SGP Secretariat and SGP Capacity Development Adviser: Liaison with relevant PNG Government Agencies/officials for PNG Government officials' attendances at Day 4 workshop.</p>	
Special Needs	<p>The content of this Component will be adapted to cater for the special needs of individual SGP officials, notably:</p> <ul style="list-style-type: none"> ▪ For SGP Team Leaders, an additional half-day briefing session will be provided by the SGP Secretariat in relation to additional SGP coordination, management and implementation responsibilities. 	

	<ul style="list-style-type: none"> ▪ In the case of SGP officials appointed to posts located outside Port Moresby, by re-location of Week 1 in-country induction to the relevant location and possible modification of arrangements for participation in the capacity development and cultural awareness sub-component.
<p>Notes</p>	<p>The SGP official will have been introduced to generic principles of capacity development in a cross-cultural context as part of Components 2 and 7. It is anticipated that her/his future PNG Government colleagues will also receive, prior to the SGP official's arrival, up to two days of off-the-job induction facilitated by PNG Nationals addressing:</p> <ul style="list-style-type: none"> ▪ The objectives of the SGP. ▪ The opportunities identified to date for improving the performance of their PNG Government agency and business unit. ▪ The roles that they and SGP officials are expected to play in building on these opportunities, including understanding by PNG Government officials of their responsibilities. ▪ 'Reverse' cross-cultural perceptions and issues, including understanding that while SGP officials undergo induction in cultural awareness issues they may nevertheless make some initial mistakes. ▪ An outline of the further induction and professional development they will be expected to undertake in relation to capacity development alongside SGP officials. This outline may be revisited at a later date. <p>Day 4 will consist of a handover between the incoming and outgoing SGP official or a cultural awareness and capacity development workshop which will bring SGP/PNG Government officials together for the first time for joint discussion of capacity development issues in the context of PNG. This workshop will be held in the second week after arrival if a handover is occurring on Day 4.</p> <p>The morning of Day 5 may be limited to a short introduction to the AusAID Post, with the full briefing by the AusAID Post (Component 9) delivered at a later date when a viably-sized group of SGP officials is available to attend.</p>

Induction Component 9: AusAID Post briefing	
Purpose	<p>To:</p> <ul style="list-style-type: none"> ▪ introduce SGP officials to the Australian High Commission officials and the SGP Secretariat; ▪ provide a current overview of the PNG-Australian Development Cooperation Strategy, policies and programs; and ▪ present an overview of the AusAID Post's role and functions in management of the aid program including the SGP.
Timing and Duration	One half-day, desirably provided on the morning of Day 5 of the SGP official's arrival in-country.
Content	<ul style="list-style-type: none"> ▪ Briefing by the SGP Secretariat on its role and services and overview of AusAID sector programs and coordination mechanisms. ▪ Introductory meeting with the Australian High Commissioner, Deputy High Commissioner, AusAID Minister Counsellor and relevant First Secretaries. ▪ Overview of sector strategies, programs and coordination mechanisms including linkages between sectors and links to service delivery programs. ▪ Overview of cross-cutting policies applicable to the delivery of programs in the workplace including but not limited to gender, HIV/AIDS and anti-corruption. ▪ Current development issues in relation to SGP. ▪ Structure and operations of the AusAID Post. ▪ Protocols for SGP officials' communications with the High Commission and Post, PNG Government agencies and Australian Government Partner Agencies. ▪ Key contacts.
Delivery	Briefing presentations by the Secretariat and Post.
Learning Outcomes	<p>On completion of this Component SGP officials should be able to demonstrate their understanding of:</p> <ul style="list-style-type: none"> ▪ the PNG-Australia Development Cooperation Strategy, overall sector plans and coordination arrangements; ▪ awareness of AusAID Post contacts and communications protocols.
Management Responsibilities	<i>AusAID Post in consultation with SGP ISP:</i> Scheduling and delivery of the half-day session.
Note	This component in part reinforces and provides the AusAID Post perspective on content initially presented as part of Component 7.

Induction Component 10: Public financial management training	
Purpose	To provide SGP officials with understanding and knowledge of: <ul style="list-style-type: none"> ▪ PNG public financial systems and responsibilities.
Timing and Duration	1 day, ideally within 4 weeks of arrival.
Content	The 1 day program will include information on: <ul style="list-style-type: none"> ▪ the Public Financial Management Act and PNG Public Financial Management Framework; ▪ key stakeholders – who does what, key contacts, guidelines and handbooks.; ▪ the financial management system – the systems and tools for management and monitoring; ▪ the budget process – where the money comes from, is formulated and where it goes as well as an understanding of budgeting, appropriations and acquittals; ▪ the Sub National Framework; ▪ the Public Accounts and revenue process; ▪ Procurement – spending public money including financial responsibilities, the role of the Supply and Tender Board; ▪ Financial controls, accountability, reporting and monitoring, the role of the internal audit and compliance office ▪ the role of a PNG Financial Controller ▪ the Paris Principle ▪ common sources of leakage of public funds, experience with corruption and fraud
Delivery	Classroom tuition and discussion delivered by the PNG Finance Training Branch in the PNG Department of Finance and PNG Government officers, subject to availability and agreement.
Learning Outcomes	On completion of this Component SGP officials should be able to fulfil their role in harmony with PNG public financial systems.
Management Responsibilities	<i>SGP Secretariat, supported by SGP ISP:</i> scheduling and delivery of the program.
Special Needs	SGP officials assigned to key positions may wish to indicate to AusAID LDS additional public financial training requirements.
Note	It is expected that SGP officials will use SGP operational budgets in accordance with the SGP Operational Budget Guidelines, which are in accordance with the Australian Government's Public Financial Management Act.

Induction Component 11: Cultural and Language Training Program	
Purpose	To provide SGP officials and (optionally) their families where relevant with: <ul style="list-style-type: none"> ▪ an understanding of PNG society, its cultures and cultural values; ▪ skills to communicate at a basic conversational level in Tok Pisin; and ▪ understanding of when the use of Tok Pisin by expatriates is appropriate.
Timing and Duration	32 hours delivered via 2 x 2-hour afternoon/evening classes per week over an eight-week period, completed within 3 months of the SGP official's arrival in PNG.
Content	The 32-hour program will comprise approximately 12 hours induction in PNG society and cultures and 20 hours of language tuition with content as follows: <p><i>PNG society and culture to be provided by PNG nationals</i></p> <p><i>Language tuition:</i></p> <ul style="list-style-type: none"> ▪ Overview of PNG languages. ▪ Overview of Tok Pisin: its evolution and usage. ▪ Tok Pisin structure and basic vocabulary. ▪ Tok Pisin pronunciation. ▪ Useful phrases and expressions. ▪ Protocols for the use of Tok Pisin by expatriates.
Delivery	Classroom tuition and discussion, including group conversation exercises, delivered by PNG Nationals.
Learning Outcomes	On completion of this Component SGP officials should be able to: <ul style="list-style-type: none"> ▪ demonstrate understanding of PNG society and cultures in their interactions with PNG Nationals; and ▪ converse at a basic level in, and understand the thrust of documentation presented in, Tok Pisin.
Management Responsibilities	<i>SGP ISP and sub-contracted PNG Nationals:</i> scheduling and delivery of the program.
Special Needs	SGP officials assigned to positions located elsewhere than Port Moresby, or whose duties will require regular face-to-face contact with members of the public, will be offered the opportunity of up to 40 additional hours tuition in Tok Pisin.
Note	SGP officials and their partners where relevant will also receive a self-paced language training facility (CD/book) prior to their arrival in PNG (see Component 2).

Part 3: Induction monitoring and evaluation

The management framework for the SGP incorporates monitoring and evaluation arrangements designed to assess the overall success of the program in terms of its effectiveness, efficiency and sustainability. These arrangements will include monitoring and periodic evaluation of the induction program to ensure its ongoing relevance to the needs of SGP officials and other stakeholders. This will occur in two ways:

- on-line survey of SGP officials; and
- inclusion of the induction program as an agenda item for SGP planning and review meetings with Australian Government Partner Agencies and of the SGP Steering Committee.

SGP officials will be requested to complete an on-line survey of their views on the induction program at three points in time:

- on completion of their first week's induction in-country (Component 8);
- after three months of commencement of their assignments in-country; and
- in the month prior to completion of their assignments in-country.

The on-line survey, designed and administered by AusAID's Learning and Development Section, will not require more than 30 minutes of an SGP official's time to complete on any one occasion. It will systematically track officials' assessments of their induction in terms of, in particular:

- its effectiveness in preparing SGP officials (and their partners where relevant) for living and working in PNG;
- its relevance to the needs of officials in undertaking their individual assignments; and
- its administrative efficiency.

Survey results will be consolidated and, together with views received from participating agencies, will be used to:

- provide regular feedback to AusAID, its SGP ISP and Australian Government/PNG Government partner agencies on the quality of the induction program including areas for continuing improvement; and
- provide quantitative and qualitative data on the induction program as input to the monitoring and evaluation system for the SGP as a whole.

**PNG Advisory Support Facility
Phase II**

Facility Effectiveness Evaluation 2007

March 2008

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Abbreviations and acronyms

ASFII	Advisory Support Facility Phase II
AusAID	Australian Agency for International Development
CACC	Central Agencies Coordinating Committee
CSTB	Central Supply & Tenders Board
DCD	Department for Community Development
DLIR	Department of Labour and Industrial Relations
DLPP	Department of Lands & Physical Planning
DNPM	Department of National Planning & Monitoring
DoF	Department of Finance
DoW	Department of Works
DPLGA	Department of Provincial & Local Government Affairs
DLIR	Department of Labour & Industrial Relations
DPM	Department of Personnel Management
DPM&NEC	Department of Prime Minister & National Executive Council
DWU	Divine Word University
ECP	Enhanced Cooperation Program
EPSG	Economic & Public Sector Governance
FMG	Facility Management Group (Board of management of ASFII)
FMIP	Financial Management Improvement Program
GoA	Government of Australia
GoPNG	Government of Papua New Guinea
HR	Human resources
IFMS	Integrated Financial Management System
IRC	Internal Revenue Commission
ISCAT	Information systems, communication and technology
IT	Information technology
MC	Managing contractor
NACS	National AIDS Council Secretariat
NAQIA	National Agriculture Quarantine Inspection Authority
NEFC	National Economic & Fiscal Commission
NRI	National Research Institute
PDD	Project design document
PM & NEC	Department of Prime Minister & National Executive Council
PSR	Public sector reform
PSRMU	Public Sector Reform Management Unit
PSWDI	Public Sector Workforce Development Initiative

Executive summary

The Advisory Support Facility Phase II (ASFII) commenced in April 2003 and is due to finish in March 2009. The goal of ASFII is to assist the Government of Papua New Guinea (GoPNG) to implement reforms in public sector management and administration through implementing policies, plans and systems which improve accountability, efficiency and compliance. Adviser placements focus on capacity building of both individuals and organisations in strategic planning and corporate support areas, such as financial management, human resource management and IT management. The intended outcome is sustained performance improvement within the public service leading to more effective and efficient service delivery.

Management of ASFII is through the Facility Management Group (FMG, or the Board), which has members from GoPNG, AusAID and the managing contractor (MC). An annual strategic plan identifies strategic priorities and agencies, but remains aligned with the objectives of GoPNG's *Strategic Plan for Supporting Public Sector Reform in Papua New Guinea (2003–2007)*. Compared with its predecessor (ASFI), ASFII is more focused but is still demand-driven.

The evaluation of ASFII was conducted during the fourth year so that achievements, strengths and lessons could be incorporated into planning for a future program of support. The evaluation was undertaken in two stages. The first stage focused on the design, inputs and processes of the Facility, including governance, management and operational arrangements. The second stage looked at outputs, outcomes and achievements at the placement level. The evaluation team members represented GoPNG, the Government of Australia (GoA) and the MC. The team leader was an independent capacity building specialist.

Stage 1 methodology included interviewing key stakeholders, attending an FMG meeting, analysing plans, reports and FMG minutes, as well as data on advisers and placements. Stage 2 involved collecting and analysing information from a sample of 15 placements covering 8 agencies, involving 13 advisers.

Facility level findings – design, inputs and processes

Design of ASFII

The design of ASFII has proved to be appropriate, flexible and far-sighted. The development of a strategic plan to enable the assistance to be more focused is a particular strength. Two areas where the implementation has diverged from the original design are:

- The Facility is primarily responsive within the strategic priorities. The intention that it would also be proactive, through an annual assessment to identify areas that could benefit from advisory support, has not happened. While there are significant benefits in demand-driven assistance, the opportunity for even more targeted assistance has been missed.
- Almost all funding has supported the ASFII strategic priorities. The design intention of allocating around 30% of funding to an 'open' category for non-strategic but nevertheless valuable assistance has not been used to any extent.

It is not clear why these changes have been made and it is not possible to assess 'what might have been'. However, both features should be reconsidered for a future program of support.

A third change has been in the nature of the advisory support provided and reflects an evolving understanding of capacity building. There is now a greater emphasis on recruiting advisers with capacity building skills, recognition of the importance of relationships for successful capacity building (through having the key agency representative chair the selection panel), having longer placements and recruiting teams of advisers.

Inputs

As at the start of the evaluation in February 2007 there have been 171 **placements** of which 90% have been in areas that reflect the three main (public sector reform) strategic priorities and 58% have been in central agencies. Some 60% of placements have been long-term, with 40% short-term or periodic. The average long-term placement is 17 months and the average short-term placement is three months.

The 171 placements represent 34 **advisers** transferred from ASFI, 25 advisers who have had two or more placements and 56 who have had one or more extensions. The Facility has been successful in attracting more women (increasing from 7% in 2003 to 30% in 2006), and more PNG nationals and non-Australian/NZ advisers. Further, some 30% of advisers are 'new players', something that was specifically encouraged in the design. ASFII has been particularly successful in attracting new, younger women into development, although the 'average' adviser is an Australian male aged 50 to 59.

Funding has been \$46 million to February 2007, projected to be \$64 million for the first five years. This is an increase of \$29 million, or 83%, over the initial budget of \$35 million for five years. Both the demand from GoPNG agencies and AusAID's willingness to increase the budget are reflections of the high regard in which ASFII is held. This 'elastic budget' means, in effect, that the FMG has never needed to choose between equally worthy requests and has not needed to develop criteria for such a selection.

Processes and governance arrangements

The evaluation team found that the strategic planning process has been very useful for focusing the assistance and enabling the FMG to make clear decisions. The resulting strategic plan has been reviewed annually but has only had minor changes.

The FMG operates very effectively, with GoPNG members in particular valuing their participation and ownership. The fact that there are, apparently, no complaints about its decisions and that it is seen to be neutral and not 'captured' by any interest groups is an indication of the appropriateness of its membership and decision-making processes.

A two-tier management structure, involving a higher-level board to set strategic directions and to improve accountability, should be considered for a future program. There is currently no directly relevant committee or board within GoPNG to take this role. However, a broad oversight committee might be established to oversee progress on public sector reform, in which case the FMG to report to it. In the meantime an option might be for the FMG chair to make an annual or six-monthly presentation to the Central Agencies Coordinating Committee.

Placement level findings – outputs, outcomes and achievements

The findings are based on a sample of 15 placements. The conclusion is that ASFII has helped the GoPNG to implement public sector reform and can be regarded as successful as a means to build capacity. There is overwhelming support and appreciation of the advisers by their counterparts. The approach of working in partnership, on the agency's issues and with the agency's systems, is seen to be effective. Those counterparts who have had experience of other donor-funded projects reported that ASFII is a much more effective model for building capacity.

Public sector reform

There is good evidence that the advisers in the sample have assisted agencies to implement the objectives of the GoPNG's public sector reform (PSR) agenda. The key findings are reported by PSR objective.

Objective 1: A public sector with a clear sense of direction

Good progress has been made in assisting the public sector agencies to develop and clarify their sense of direction; senior managers report that they have a clearer sense of focus and feel more accountable. Advisers have helped counterpart agencies in four broad areas:

- Corporate planning
- Understanding the agency's place in the wider stakeholder group
- Organisational restructuring
- Developing a sector strategy.

Objective 2: Affordable government

Advisers have helped introduce efficiencies, cost savings and revenue increases, and have encouraged a mindset of working within existing resources and looking for further improvements. Areas in which advisers have assisted are:

- Strengthening procurement processes and controls on expenditure
- Bringing in improvements that lead to efficiencies and cost savings
- Helping with progress towards a smaller, streamlined public sector
- Assisting to maximise revenue collection.

Objective 3: Improving performance, accountability and compliance

This objective was interpreted as improving processes to measure and monitor performance, leading to improved accountability and compliance. Although some progress has been made, there are opportunities for further work.

- In general the advisers' work has not focused on improving performance monitoring and measurement, other than to encourage regular management meetings to check progress, or to help implement quarterly reporting.
- More work was done to improve accountability and compliance. For example, the finance advisers have reinstated systems and procedures to ensure the agencies comply with the Public Finance (Management) Act 1995. Their assistance with regular financial reporting has improved accountability and compliance.
- Some advisers have helped identify irregular practices, either because of incorrect interpretation of rules or fraud.

Objective 4: Improving service delivery

There are opportunities for further work to improve service delivery, although there have been some achievements in both internal and external service delivery:

- The Information Systems, Communication & Technology (ISCAT) team at the Department of Lands has made major improvements to its service to its internal and external customers
- Some divisions or branches have looked at how they can improve their services to regional and provincial offices
- Some agencies now submit financial reports on time to government departments
- One agency has done a survey of customers, which is the first step towards making improvements.

Capacity building

There are numerous examples of capacity building activities and achievements. The types of skills and capacities that advisers in the sample have helped develop include:

- Improved management capacity, particularly in strategic leadership and management, general management, planning, financial management for non-financial managers and teambuilding
- Technical capacity building in finance, IT and human resource management and development. This includes IT systems improvement requiring hardware, software and network upgrades
- Attitudinal changes leading to observable changes such as improved attendance, increased proactive behaviour and increased confidence, and less tangible changes in morale, sense of belonging and sense of achievement and pride.

The activities and achievements have the potential to improve the capacity of individuals, groups and the agency as a whole. For example, improving financial management skills builds individual capacity. It can also improve group and organisational capacity if the budget units and the agency consequently have budgets that reflect the priority areas for service delivery. The main focus of advisers is on individual and group capacity building; improvements to agency capacity have primarily focused on corporate planning and helping increase the resources available to the agency through encouraging an attitude of making more cost-effective use of existing resources.

Understanding the reasons for the results

The successful placements appear to have the following factors in common. The first relates to **agency commitment** demonstrated by:

- Senior level commitment to the placement
- Managers being prepared to take tough decisions
- Skills and personal qualities of counterparts, where commitment and motivation are equal to or more important than technical skills.

The second key factor is the **quality of advisers**. The counterparts and advisers considered that the way that the advisers work and the personal qualities they bring were more important than having particular technical qualifications. Applying capacity building skills and change management principles were particularly important. For example, the advisers:

- Ensure the counterparts ‘set the agenda’ and decide on priorities
- Regularly communicate with senior management and ensure they have their support
- Involve the stakeholders in the work and promote collaborative and consultative approaches
- Encourage and motivate counterparts, and help them build on achievements
- Act as facilitators, not technical problem-solvers
- Use a variety of capacity building tools and techniques, including priority-setting, teambuilding, encouraging greater use of internal and external resources, and ensuring that learning is work-based and relevant.

These qualities are important, particularly an adviser’s ability to establish relationships with the counterparts. Successful advisers act as role models; this was commented on positively by counterparts, and specifically in relation to female advisers acting as role models for female staff members. Other personal qualities the counterparts noted include empathy, calmness, patience and humbleness. Some commented that their advisers were straightforward and debated issues and, while most welcomed this, a couple suggested they may have been too blunt at times.

The third set of factors contributing to success concern the **design and operations of the Facility**. They include:

- Strategic management processes, in particular a knowledgeable and respected Board that is prepared to challenge, decline or modify requests
- Clear links to the GoPNG’s own priorities and a commitment to working in partnership and to capacity building
- Long-term support, both through a program of successive placements, and through two-year placements
- A team approach with at least two advisers working in the same agency
- Progressive engagement starting with a senior level adviser who can support and help build the commitment of top management to change, leading to the placement of a team of advisers in the agency.

Some placements seem to be less successful than others in terms of progress made or (likely) sustainability of results. The common factors of these placements are:

- Lack of serious commitment to change on the part of senior management, particularly in not being prepared to take hard decisions
- Lack of interest or motivation by counterparts, either because they do not see the need for change or because they are only acting in their position
- Poor relationships and lack of trust, either between the adviser and counterpart or within the team of advisers
- Advisers who lack the commitment or the skills to build the capacity of their counterparts
- External factors beyond the control of the agency or the adviser, such as the delays in implementing the Integrated Financial Management System.

The future – recommendations for the next program of support

A number of developments in both GoPNG and GoA will influence any future program of support. Within GoPNG key developments include the review and revision of the PSR strategy and the implementation of a whole of government performance management framework. Within GoA key future directions are defined within the PNG-Australia Development Cooperation Strategy 2006–2010 and AusAID's Gender Policy.

A future program should incorporate the successful features of ASFII and take advantage of opportunities for further improvement such as:

Length, scope and type of support

- Commit to long-term support through a ten-year program overall, agency support for at least five years, and adviser placements for a minimum of two years
- Consider options relating to scope and type of support, including a simultaneous focus on a central agency and the equivalent functions in line agencies, and/or providing support to corporate functions, complementing other donor-funded programs in the same agencies, and/or an expansion to include technical areas of support
- Reinstate an 'open' category for worthwhile submissions that are outside the strategic priorities and cannot be met through other programs.

Strategic direction and management

- Continue to align the Facility's objectives with those of the GoPNG
- Continue to respond to requests, but also take a more proactive approach to assess public sector-wide capacity and encourage submissions as appropriate
- Continue with a Board with majority GoPNG membership, and consider a two-tier structure reporting to an appropriate GoPNG committee
- Consider devolving decision-making authority to approved agencies so they can decide the mix and timing of advisory support within an overall approved budget.

Placements

- Continue to use progressive engagement as appropriate, starting with senior adviser placements to focus on organisational capacity building, clarifying needs and priorities and building commitment to change within the organisation
- Continue with teams of advisers who can model teamwork between functions and who can support each other
- Ensure flexibility of support to better meet changing needs, in line with the commitment to longer-term agency support.

Advisers

- Continue to use professional recruitment practices to attract high quality advisers, including those with limited previous developing country experience
- Include a second agency representative on selection panels, to include the proposed main counterpart (where the chair is a more senior official). Wherever possible there should be at least one woman from the agency or another appropriate GoPNG agency
- Continue with the focus on capacity building, recruiting advisers with appropriate skills and personal qualities, and including some limited 'capacity adding' activities

- As necessary, use existing GoPNG agencies to undertake audits and other ‘policing’ activities before an adviser starts, to ensure the adviser can focus on capacity building.

Facility support

- Continue to provide high-quality professional and logistical support but with increased Facility staffing using an agreed ratio based on that of other programs
- Provide a specialist capacity building adviser to develop the capacity building skills of advisers and to promote networking and learning between advisers and counterparts across government agencies.
- Re-establish a physical and virtual library of resource material
- Provide short-term technical inputs to review the technical quality of advisers’ work
- Encourage greater use of PNG/GoPNG resources.

Enhancing sustainability

- Include a requirement for the program to develop the local and regional consultancy market so that it can increase its use of local and regional advisers and ‘build capacity to build future capacity’

Monitoring and evaluation

- Use the GoPNG’s and the agency’s own monitoring and evaluation frameworks, strengthened where necessary, as the basis for the program’s monitoring
- Encourage joint reporting, focusing on the achievements of the branch, division or agency, to improve ownership and accountability and to help develop a performance assessment mindset
- Encourage joint situation reports and baseline surveys, including of the existing agency capacity, to better assess improvements and achievements.

Empowering women as a strategy for development

- Continue to encourage more women to apply for adviser positions and continue to provide support for them
- Work with GoPNG agencies to develop and implement strategies that support, encourage and empower women employees in government and that help them to advance.

Conclusion

The success of ASFII demonstrates that advisory support as a form of aid can be effective, so long as there is genuine commitment to ownership, capacity building and accountability for results, and there are structures and processes in place to recruit high quality advisers with capacity building skills or the potential to develop them.

Building on and further developing the strengths of ASFII will enable a future facility to improve the effectiveness of Australian aid to Papua New Guinea. In particular, the new facility will contribute to implementation, at the program level, of the five principles from the *Paris Declaration on Aid Effectiveness*,¹ namely ownership, alignment, harmonisation, managing for results and mutual accountability.

¹ High-Level Forum on Aid Effectiveness, March 2005, *Paris Declaration on Aid Effectiveness*. Both Papua New Guinea and Australia were participants.

1. Introduction

1.1 Overview of ASFII

The Government of PNG (GoPNG) faces a range of challenges to improve economic and public sector governance, and enable the public sector to undertake core responsibilities. A lack of capacity within government agencies to plan, develop policies and deliver services is constraining economic and social development. In recognising these challenges, GoPNG has worked with donors to implement a range of strategies and reform programs, including public sector reform (PSR).

To address the need for capacity building and to support GoPNG's PSR agenda², the Advisory Support Facility Phase II (ASFII) commenced on 1 April 2003 following a successful Phase I. ASFII was originally designed as a three-year program and was extended for two years to March 2008 following a review. After this evaluation commenced it was further extended for a year and is now due to finish in March 2009.

ASFII emphasises development of systems, policy, planning, accountability, management, administration and compliance, and focuses on capacity building at both the individual and organisational levels. The intended outcome is sustained performance improvement within the public service leading to more effective and efficient service delivery.

ASFII provides advisers for up to three years to work in central agencies, national line departments and provincial governments in support of priority public administration and reform agendas. A Facility Management Group (FMG, or the Board) provides guidance, monitoring and oversight of the Facility and sets the overall direction and priorities through an annual strategic planning process.³

Since March 2003 to February 2007 ASFII has supported 171 placements.

1.2 Purpose and overview of the evaluation

The main purpose of the evaluation was to review the design, governance arrangements and achievements of ASFII. It is intended to provide useful information to the key stakeholders – the GoPNG, the Government of Australia (GoA), the managing contractor (MC) and advisers – about what has worked well and not so well in a particular model of providing aid assistance. The findings will be used to inform discussions between GoPNG and GoA on planning for future economic and public sector governance support in order to improve the effectiveness of aid. MCs, advisers and counterparts can also use the results to better understand both PSR and capacity building.

The evaluation was conducted in the fourth year of the Facility to provide sufficient time for the strengths and lessons to be incorporated into the design for a future program. It was recognised that undertaking an evaluation after only four years of operation would have some limitations, particularly in assessing impact and sustainability. Despite this some significant lessons have already emerged.

² GoPNG's public sector reform agenda is articulated in the *Strategic Plan for Supporting Public Sector Reform in Papua New Guinea 2003-2007*.

³ This strategic focus is a major difference from ASFI, where placements were responsive to requests from a wide range of agencies, which reduced the overall impact of interventions. The role of the FMG in ASFII has expanded to include setting strategic direction. The membership of the FMG has also expanded.

The evaluation was undertaken in two stages⁴:

1. Stage 1 (February-March 2007) focused on the effectiveness of the design, and governance and management arrangements, including inputs and processes.
2. Stage 2 (May-June 2007) focused on the effectiveness of adviser placements. It assessed outputs, outcomes and achievements of advisory support. It also sought to establish the contribution ASF has made to progressing GoPNG's strategic objectives for PSR.

The Scope of Services for both stages is at Annex 1.

1.3 Evaluation methodology

The evaluation team was led by an independent consultant and comprised representatives of GoPNG, ASFII, and AusAID. The team members are in the Scope of Services in Annex 1. A list of people consulted is given in Annex 2.

1.3.1 Stage 1 evaluation

The team consulted various stakeholders including past and present FMG members, departmental heads and other senior GoPNG officials, AusAID officers in Port Moresby and Canberra, ASF senior advisers, advisers from other programs, and representatives of the MC in Port Moresby. The team also attended an FMG meeting on 21 February 2007.

The team read and analysed relevant ASF program and management documentation, including the original project design document (PDD) of September 2002, minutes of FMG meetings since March 2003, the annual strategic plans since 2004, and other MC reports. The team also collected and analysed data on placements and advisers over the last four years.

1.3.2 Stage 2 evaluation

The team selected a sample of 15 placements, chosen so as to provide information and insights across different factors. They include:

- All seven **financial** management placements, as an example of the same corporate service function in different agencies
- All seven placements in the **Department of Works**, as an example of an agency where there has been significant support from ASF, plus other features such as a team approach and a cross-agency placement
- Placements in the Department of Lands & Physical Planning (ISCAT Adviser), and the Department of Transport (Strategic Management Adviser), as examples of particularly **successful placements** and **progressive engagement**.

Further rationale for the selection is given in the Scope of Services (Annex 1).

The basic data for the resulting sample of 15 placements is shown in Table 1.

⁴ The original evaluation was designed in 3 stages, with the review of adviser placements to be undertaken in both stages 2 and 3. Instead, all adviser placements were reviewed in Stage 2; so the third stage became unnecessary.

Table 1 – Distribution of selected placements

Agency	Finance	IT	HR	Strategic /senior	Male	Female	Total
Auditor General's Office	1				1		1
Dept for Community Development	2				1	1	2
Dept of Lands & Physical Planning		1			1		1
Department of Transport				1		1	1
Department of Treasury				1*	1*		1
Department of Works	2	2	2	1*	5*	2	7
National AIDS Council Secretariat	1					1	1
PNG Forest Authority	1				1		1
Total	7	3	2	2*	10*	5	15

**Note: The senior adviser in Works and in Treasury was the cross-agency placement and is shown in both agencies, but has only been counted once in the totals.*

Table 1 shows that the sample consists of 15 placements in eight agencies, including four placements that have had two sequential advisers. In total the sample involved 13 different advisers, of whom nine were in Papua New Guinea at the time of the review. The sample included six financial management advisers in seven placements (one adviser has had two placements) and seven in the Department of Works (DoW), including one who simultaneously worked in another agency.

The team collected and analysed data for the evaluation from:

- Interviews with the nine advisers in PNG, key counterpart staff in the agencies, including five heads of agencies, AusAID officers involved in the relevant sectors, and ASF staff. A list of people consulted is given in Annex 2
- Placement charters produced by ASF and signed off by key counterparts
- Reports produced by advisers, including situation reports, monthly and six-monthly reports, and placement completion reports
- Counterpart questionnaires collected as part of ASF's monitoring procedures
- Other reports of relevance, such as placement assessment reports and the cluster impact study⁵.

The following points need to be taken into account when reading the evaluation findings:

- The evaluation does not attempt to evaluate individual adviser performance. Instead, this evaluation looks for the common features and trends that appear to lead to success or to less than successful results
- The report attempts to preserve confidentiality concerning individual advisers and counterparts as much as possible, particularly where there are sensitive issues or adverse findings
- The sample is too small to be statistically representative and it needs to be kept in mind that the conclusions are based on 15 placements only. Nevertheless, by focusing on the strengths and achievements it is hoped that the findings can provide good lessons for future advisory support programs.

⁵ The ASFII Cluster Impact Study, 2005

1.4 Changes in the external environment

Any evaluation of a program needs to consider the changes in the external environment over the life of the program and whether they have affected the design logic and its continuing relevance, and thus the outcomes.

The most important change has been the increase in HIV/AIDS in PNG and the need to incorporate strategies to address it into all AusAID-funded programs. ASFII has responded to this through creating a fourth priority in its strategic plan (tackling HIV/AIDS in the work place). This priority is effectively mainstreamed into all placements as terms of reference now include the requirement for all advisers to incorporate HIV/AIDS-related activities into their work plans⁶.

The improved economic climate in PNG has been both a support and a threat, with agencies better able to focus on improving their operations without having the distraction of severe funding limitations (as has happened in the past). At the same time, there is a suggestion that the imperative to change is now not as strong.

Other changes in the external environment do not appear to have affected the design logic or the operation of ASF to any great extent.

1.5 Structure of this report

Sections 2 to 4 present findings from Stage 1 of the evaluation, assessing the effectiveness of the Facility in the following areas:

- Design of the Facility, with a focus on evolution and changes from the original design
- Inputs to the Facility, including placements, advisers, funding and capacity building support
- Processes used in the Facility, including strategic direction, governance arrangements, placement processes and coordination

Sections 5 and 6 present the findings from Stage 2 of the evaluation, assessing the effectiveness of adviser placements in terms of the outputs, outcomes and achievements of the program. Specifically, the sections cover:

- Progress in meeting GoPNG's PSR objectives
- Progress in capacity building
- Understanding the reasons for the results
- Lessons and opportunities for improvements

Section 7 discusses recommendations for a future program of support.

The annexes include the scope of services of the evaluation, people consulted, statistical analyses of placements and advisers, and three case studies.

⁶ The Scope of Services did not require an assessment of progress against this priority.

2 Assessment of the design of ASFII

A key element in evaluating the effectiveness of ASFII is to re-examine the original design to check its logic and continuing relevance, and to see whether the implementation has followed the design or whether there have been deliberate or unintentional changes. The overall finding is that the original design was very good and forward-thinking and incorporated considerable flexibility. Much of the implementation of ASFII follows the intention of the design, although some areas have evolved and changed, usually in response to emerging GoPNG needs.

This section briefly outlines the key features of ASFII as designed, notes the strengths of the design as implemented, and comments on two areas of change from the original design, relating to the strategic planning process and the support provided.

The key features of the design are set out in Box 1 below.

Box 1: Key features of original Facility design

Strategic focus

- Prime focus on PSR but opportunity for other support – expected to take 30% of budget
- Priorities to be set and reviewed annually through strategic planning linked to GoPNG and GoA objectives
- Both reactive to requests and proactive to propose support in key areas, identified through the strategic plan

Support provided

- Provision of advisers, with a small placement budget for travel and training
- Focus on capacity building
- Various categories of support
 - Core ASF (approved by FMG)
 - Nominated (directed) engagements – positions and/or individuals nominated by either GoPNG or AusAID
 - Twinning
 - Scoping

Governance arrangements

- One level: FMG with majority GoPNG membership
- Emphasis on partnership at both FMG and placement levels

Monitoring and evaluation

- Monitoring and evaluation focused on the Facility overall, the MC's management and administrative arrangements, and adviser placements. The original design did not include evaluation of GoPNG achievements and performance

2.1 Strengths of the design

Findings on the strengths of the design include:

- There is a clear link to GoPNG priorities in a way that enables the design to be modified as and when priorities change
- The broad scope and flexibility of the design has meant that changing circumstances and additional services have been accommodated by the MC. They include: logistical support to the Enhanced Cooperation Program⁷ (ECP); support for the pilot Sub-National

⁷ ECP is an Australian whole-of-government program of assistance which places Australian public servants in key GoPNG agencies.

Initiative⁸ (prior to setting up the Sub-National Strategy as a separate program); and ongoing assistance following the completion of a project (such as support to the Finance Training Branch within the Department of Finance)

- The MC is held accountable for high-quality advisers, rather than for their outputs, thus ensuring that agencies are encouraged to take ownership for results. It has also meant that where there are problems over particular advisers the MC can discuss options openly with AusAID and the FMG, rather than needing to find a way within the program budget to 'fix' the problem
- The provision of a small placement budget to cover limited small-scale training and travel costs is very useful. The absence of a larger budget (as is common in projects) has encouraged good budgetary discipline in the agency and overcomes problems of fungibility
- The PDD provided for all advisers to be supplied with a reliable vehicle, which removes one of the hassles for advisers, as well as helping to address safety issues in PNG, particularly for women⁹.

2.2 Changes in the strategic planning process

Perhaps the most significant change from the intention of the PDD has been in the strategic planning process. In order to ensure the Facility could both support priority areas and adjust its support as priorities changed, the intention was to develop a strategic plan and update it each year. The design proposed three specific features of this process, which have been implemented to varying degrees:

- Setting a strategic focus that could be used both proactively and reactively
- Determining the split of funding for placements within the strategic priorities and in an 'open' category
- Identifying key priorities and agencies, and updating them each year (this is discussed in section 4.1).

With regard to the **proactive and reactive** nature of the strategic plan, this has only partly happened. The PDD anticipated that the MC would develop the annual strategic plan through undertaking a comprehensive analysis of GoPNG reform initiatives, strategies, significant changes and developments, AusAID strategies and programs, and those of other donors. The design recognised that this might be a significant piece of work and allowed for additional inputs.¹⁰ The result would be a 'high quality analysis of the initiatives/functions towards which inputs should be focused and which provinces, sectors and/or agencies would benefit from advisory support' (PDD pp. 16–17). To emphasise the proactive nature of this analysis, Output 1.1 stated: 'Strategic plan developed annually providing high quality analysis of relevant issues and proposing areas where further investigation/scoping of advisory support is warranted' (PDD p. 17).

⁸ The Sub-National Initiative (now the Sub-National Strategy) is an AusAID program which supports GoPNG's Provincial Performance Improvement Initiative and places AusAID officers within provincial administrations to coordinate assistance at the provincial level.

⁹ The importance of a vehicle should not be underestimated in a high risk security environment such as Port Moresby

¹⁰ The MC used a short-term adviser to finalise the first strategic plan but has not used such inputs for any subsequent plans.

In practice, the strategic plan sets priority areas which are clearly linked to GoPNG priorities, resulting in a greater focus for the assistance. However, apart from publicising the Facility, particularly in the first 18 months, the FMG and the MC have rarely taken the next step of proactively approaching agencies to encourage requests for placements. Instead, the priority areas have been used as a means of deciding on requests. Thus the Facility has not been as proactive as anticipated in the design.

The analysis and resulting discussion could have provided a mechanism for policy engagement between GoPNG and AusAID to jointly review and decide areas within PSR that needed support. Such discussions would have specifically identified where ASF resources could most effectively be applied but may have led to other conclusions concerning the aid program. It may be that opportunities for policy dialogue between GoPNG and GoA are provided through other mechanisms, in which case a future program might explicitly make reference to the mechanisms as a means of providing information to the strategic review.

It is not clear whether this change from the design has been deliberate or has evolved. Past and current members of the FMG have differing recollections of what happened. There has been more than sufficient demand, in relation to the budget, in the priority areas and agencies, so perhaps it was not considered necessary or appropriate to be more proactive and encourage further demand. However, it is possible that although ASFII is more strategically focused than ASFI, it is still being too reactive. In effect, it has supported those agencies that have a need for support and recognise they have a need. It has not supported agencies that may have just as great a need, but have not realised or admitted it.¹¹

In an attempt to look at the degree of coverage of ASFII, the evaluation team analysed the placements according to agency and function being supported. The results are given in Annex 3. In summary, placements have been provided to 25 agencies covering nine functions (with 'technical' as one function), which means there are 225 potential areas of activity (9 x 25). Activities have been undertaken in 63 of these 225 potential areas, so there are 162 potential areas where there has been no support. It is not known why these areas have not requested support but possible reasons include:

- They are performing at a competent level in the specific areas
- There is another program of support in place
- They do not currently have the staffing or absorptive capacity to make good use of an adviser
- They do need support but have not realised it
- They are not aware that ASF provides support.

If the FMG had decided to take a more proactive approach, the provision of an analysis such as in Annex 3 could have been the starting point for the annual strategic planning discussions. It would have required more resources to assess areas where there was a real need for support. It would have also required a careful judgment by FMG members as to how to encourage the agency to put in a request, recognising that agencies are more likely to resist change that they see as being imposed on them.

¹¹ The PDD noted the need to proceed with caution in approaching agencies in a proactive way, and recognised that change is more likely to be successful when the agency is the instigator. However, if it had been decided to be more proactive, strategies could have been employed to approach agencies in a supportive and encouraging way.

The second divergence from the PDD is that the **split of funding between strategic priority areas and an open category** has also not happened. The intention of the design was to recognise that despite the ‘scattergun’ approach of ASFII, some excellent and timely advisory support was provided that could not have been easily provided under other programs.¹² The PDD proposed clear guidelines for such non-strategic support and suggested an initial split of funding of 70% for core activities that support the strategic plan and 30% for other activities (the ‘open’ category). The PDD also proposed that the FMG should monitor needs and allocations, and that the MC and AusAID should document ‘any decision which might skew Facility resources more significantly to one use or another’.

The review team understands that the FMG decided at an early stage that all activities should meet the strategic priorities, although this decision is not documented and some current FMG members were not aware of it. In mid-2004 the FMG did consider the criteria for the open category (at AusAID’s prompting) but they were not mentioned again.

It is not possible to assess ‘what might have been’ if some open category requests had been funded. It seems likely, based on the experience of ASFII, that there may have been some real needs that were not met. Thus there is the possibility that the Facility, in its desire to move away from a scattergun approach, has gone to the other extreme – even though this was not the intention of the design.

Reflecting on these two changes, it is likely that they arose because of the FMG’s desire to ensure that ASFII was focused on the most appropriate activities to support the government’s PSR agenda, given the budgetary constraints. In fact, the budget was increased to meet the increasing demand for support in approved activities, and the FMG never needed to prioritise and choose between requests based on a limited resource envelope. So another ‘what might have been’ question relates to the budget and how much demand could have been generated if the FMG had not been constrained by budget considerations.

2.3 Changes in the advisory support provided

The theory and practice of capacity building has developed significantly since ASFII was designed. It is now acknowledged that capacity building is more complex and requires a much longer term commitment than first understood.¹³ The PDD anticipated that a typical placement would occur when a problem existed, the extent of the problem was largely known and causes understood, and the agency was committed to change but was constrained by lack of knowledge and/or skills (p. 10). It was further anticipated that in general, single advisers would be placed in positions ranging from a few weeks to a maximum of two years, but the majority would be under a year. Only one extension would be permitted, and only one follow-up visit. Also, placements in agencies where AusAID had a major project would not normally be approved. Recruitment of advisers would be managed in Australia, with the head (or delegate) of the host agency participating by phone or webcam.

In practice there have been several changes which, taken together, reflect the evolving understanding of capacity building. They include:

¹² An example quoted is the assistance to address mercury poisoning in gold mining areas of PNG. The opportunity to meet gaps and unblock blockages that other programs cannot do is seen as a strength of AusAID-funded facilities in other countries.

¹³ AusAID’s Principle 3 is ‘Capacity development takes time’. See AusAID, *Capacity Development Principles and Practices*, November 2004. The United Nations Development Programme’s first of ten default principles is ‘Don’t rush: Capacity development is a long-term process’.

Explicitly including capacity building in scoping, recruitment and selection

- The process of scoping and defining placements has been strengthened, recognising that issues are usually more complex than a single problem with well-understood causes
- Recruitment management is now based in Port Moresby
- A key agency representative chairs the selection panel, which recognises the importance of good relationships and ownership for successful capacity building
- The MC's recruitment process has been strengthened to emphasise capacity development skills in the selection of advisers
- The MC has strengthened its briefing on capacity development to new advisers

Greater emphasis on working in partnership

- Advisers are required to work collaboratively with their counterparts to develop an agreed workplan, once they start their placement; this may include refining terms of reference, if necessary

More explicit inclusion of capacity building approaches in advisers' work

- Advisers are now required to undertake a situation analysis at the start of their placement to provide baseline capacity information
- Advisers are encouraged to develop a capacity building plan with their counterparts (and are provided with the AusAID Staged Capacity Building Model¹⁴ as a potential tool)

Recognising the importance of synergies for group and organisational capacity building

- There has been an increase in the use of teams of advisers, recognising the strengths and synergy that a team can bring
- One adviser has worked simultaneously in two departments, thus helping to strengthen the working relationships and linkages between the two

Recognition that capacity building takes a long time

- Several placements have been extended and some have had more than one extension. There has also been periodic support, including after a full-time placement has been completed, so that there has been more than one follow-up visit.

Another change has been the placement of advisers in agencies where there is another GoA-funded program of support, for example in agencies where there are ECP advisers and in the Department of Provincial & Local Government Affairs (DPLGA), where there are AusAID officers posted under the Sub-National Initiative. Both the National Department of Health and the National AIDS Council Secretariat (NACS) have ASF advisers providing support for specific corporate functions and complementing the technical specialists provided under other AusAID-funded programs. There is increasing recognition that ASF has a comparative advantage in providing corporate support advisers who can use their adviser networks within ASF to provide more effective support than a single adviser on his/her own in an agency.

¹⁴ AusAID, *A Staged Approach to Assess, Plan and Monitor Capacity Building*, May 2006.

3 Inputs to ASFII

This section sets out the level and type of inputs to the Facility for the period April 2003 to March 2007, in terms of the placements approved, the advisers appointed, the budgetary level and the capacity building support given to advisers. The other major input, the operation of the ASF office run by Coffey International Development, was assessed as part of the mid-term review in November 2005, where it was found to be providing excellent services and so was not reviewed in this evaluation.

3.1 Placements

The design allowed for support to be provided for a variety of circumstances in the way that placements and/or advisers are identified and selected. The specific categories and how they have been used are shown in Table 2.

Table 2 – Implementation of ASFII categories

ASFII category	How implemented
Core ASF (approved by FMG) <i>Scoping, recruitment, logistical and professional support</i>	Applies to 133 of 171 placements (78%)
Nominated (directed) engagements – positions and/or individuals nominated by either GoPNG or AusAID (<i>mix of support depending on needs</i>)	AusAID nominated 35 of 171 placements (20%) GoPNG nominated 3 (2%) ASFII also provides recruitment and logistical support for: <ul style="list-style-type: none"> • Sub-National Initiative (7 out-posted AusAID staff until transferred to a separate contract) • AusAID directed appointments (5 advisers) • PNG Gas Office Project (3 advisers)
Logistical support only	Three placements under the PNG-Australia Treasury Twinning Scheme Support provided to 24 GoA officials under ECP until transferred to a separate contract
Scoping	Some 10 placements have been scoping placements and are included under 'core ASF'

In the four years to February 2007, ASFII had 171 adviser placements in 36 agencies. The number of placements at any one time has increased from 34 (transferred from ASFI in April 2003) to 60 (in February 2007). Placements were made in central agencies, line agencies, statutory authorities, provincial governments and state-based organisations. Over half the placements (58%) were in central agencies, reflecting the increased strategic focus for ASFII. Most placements were of 12 months duration or longer. The number of placements by type of agency and strategic priority are shown in Table 3.

Table 3 – Number of placements by type of agency and ASF strategic priority

	1. Setting clear directions	2. Improving performance	3. Expenditure management	Other	Total	%
Central agencies and their projects	36	23	28	12	99	58
Line agencies and departments	12	4	8	-	24	14
Other including provinces	20	13	10	5	48	28
Total	68	40	46	17	171	100
%	40	23	27	10	100	

The central agencies are shown in the box below.

Box 2: GoPNG Central agencies
<ul style="list-style-type: none"> • Department of Prime Minister & National Executive Council (PM & NEC) <ul style="list-style-type: none"> ○ Central Agencies Coordinating Committee (CACC) ○ Public Sector Reform Management Unit (PSRMU) • Department of National Planning & Monitoring (DNPM) • Department of Personnel Management (DPM) <ul style="list-style-type: none"> ○ Public Sector Workforce Development Initiative Secretariat (PSWDI) • Department of Finance • Department of Treasury <ul style="list-style-type: none"> ○ National Economic & Fiscal Commission (NEFC) • Department of Provincial & Local Government Affairs (DPLGA) • Public Service Commission (PSC) • Auditor General's Office (AGO) • Central Supply & Tenders Board (CSTB) • Internal Revenue Commission (IRC)

While it is difficult to be precise in assigning individual placements to a specific priority (for example, some placements readily fit into more than one category), Table 3 shows a reasonable approximation of placement type against strategic priority. Broadly there has been a higher concentration of placements in central agencies (or a special project or unit within a central agency) and an emphasis on **priority number one**: setting clear directions. Overall, 90% of placements can be categorised under the three strategic priorities. The 10% of placements categorised as 'Other' are generally more technical in nature.

Although the range of placements is broad, the main categories can be summarised as follows:

- Placements that support ASF's strategic priorities and are thus focused on corporate service functions, including corporate/strategic planning, strategic or change management, human resources, financial management, information technology and communications, and performance management and monitoring
- Specialist placements focused on specific, typically highly technical, strategic outcomes with little or no capacity building of counterparts, such as work within the National Economic & Fiscal Commission (NEFC)
- Specific support for PSR initiatives through the Department of Prime Minister & National Executive Council and PSRMU

- Support for other activities in line agencies such as Department of Education and Department of Health
- Specific technical support for other state institutions, such as Bank of PNG and National Disaster Centre
- Strategic scoping and review support for smaller agencies such as Office of Higher Education and National Research Institute.

The 171 placements include 30 periodic placements in which an adviser provides periodic support over a number of months or years. Because of the nature of periodic inputs it is not possible to show the number of adviser months for this category. The remaining 141 short- and long-term placements represent a total of 1,846 adviser months to date, or an average of 13 months per placement. The distribution of placements is shown in Table 4.

Table 4 – Distribution of placements (number and adviser months) by type of placement

Type of placement	Number of placements	%	Number of adviser months	%	Average adviser months
Long term	102	60	1,710	93	17
Short term (<6 months)	39	23	124	7	3
Periodic	30	17	n/a		
Total	171		1,834		

Table 4 shows that 60% of the placements are long-term while 23% are short-term (under six months). The average length of a long-term placement is 17 months while that of a short-term placement is three months. The average length of long and short-term placements combined is 13 months.

Further statistical information on placements is provided in Annex 4.

3.2 Advisers

ASFII inherited 34 advisers from ASFI and has recruited 137 advisers since then, giving the total of 171. They include 25 who have undertaken two (or more) placements in different agencies and 56 who have had one or more extensions of their original placement.

ASFII has had an intentional policy to recruit a diverse range of advisers. To date ASF has been successful in increasing the number of female advisers. Overall the percentage of female advisers is 20%. This started from a relatively low 7% in 2003 and has increased to 30% in 2006. In addition 10% of advisers have been PNG nationals and a further 5% have been international advisers (non-Australian/NZ) following the untying of Australian aid. Some 45% of advisers are under 50 years of age.

The figure of 10% PNG nationals includes five who were recruited to work for the Public Sector Workforce Development Initiative (PSWDI) and are not advisers as such. Excluding these five placements the number of nationals decreases to 13 placements (11 individuals) or 8% of the total placements. The average length of these placements is 10 months, below the overall average of 13 months. ASF has actively sought to recruit national advisers, but there

is only a limited pool of suitable people. ASF management has proposed ideas to develop the local (and regional) consultancy market, but nothing has developed.

The PDD proposed that the MC should take active steps to encourage participation of 'new players', defined as those with six months or less experience in a developing country. To date some 30% of advisers have had less than six months prior development experience when first recruited, indicating a degree of success in strategies to encourage new players.

Annex 4 provides further statistical information on advisers. It includes an analysis of data by gender and by factors such as type of placement, age range, nationality and previous developing country experience. The only gender differences are found in age, where a third of the women but only 12% of the men are under 40, and in previous developing country experience, where 41% of the women but only 24% of the men were recruited with less than six months experience. This shows that ASF has been particularly successful in attracting new, younger women into the development field. However, the 'average' adviser is still an Australian male, aged between 50 and 59 with previous development experience.

3.3 Financial information

The original budget in the PDD for the first three years was \$21 million, which scales up to \$35 million over five years. However, the budget has been increased four times¹⁵ so that the budget limit for the first three years became \$34 million while that for the two-year extension was nearly \$31 million. This gives a total budget for the first five years of \$65 million, which is almost double the original budget. Forecast expenditure to 31 March 2008 (before the latest one-year extension¹⁶) is close to budget at over \$64 million.

Both the demand from GoPNG agencies and AusAID's willingness to increase the budget are reflections of the high regard in which ASFII is held. This 'elastic budget' means, in effect, that the FMG has never needed to choose between equally worthy requests and has not needed to develop criteria for such a selection.

Costs can be disaggregated into direct costs (reimbursable/Activity Bank Account) and indirect costs. Total direct costs to date are \$36 million and total indirect costs are \$5 million. Indirect costs cover management fees, fleet management, recruitment and mobilisation and demobilisation costs.

3.4 Capacity building support to advisers

The managing contractor for ASFII is Coffey International Development. There has only been one change of significance in the operations since the review in November 2005. This concerns the more explicit provision of skills development in capacity building. Six ASF advisers, together with their key counterparts, attended the first pilot of an AusAID-sponsored five-day program, *Making a difference: Practical tools and approaches for capacity building*.¹⁷ The first module of three days, which focused on individual capacity

¹⁵ Contract No 11069. It has been amended four times, the main reasons being to include support for ECP and Sub-National Initiative officers (first two amendments), extension following the November 2005 mid-term review, and support for the Finance Training Branch of the Department of Finance through a Trust Account.

¹⁶ The budget for the further one-year extension to March 2009 has not yet been finalised.

¹⁷ The course has since been run several times in PNG and other countries and is highly regarded by both advisers and counterparts. Further information about the course is available from Patricia Lyon, Principal Capacity Building Adviser, AusAID.

building including coaching, was held in March 2006 and the second, two-day module on group and organisational capacity building was in May.

Since then, ASF has run parts of the program for other advisers and counterparts through a series of half-day workshops, facilitated by some advisers who attended the pilot. It was not feasible for ASF to run the program in its original five-day format because of the resource-intensive nature of the program, the difficulty in securing counterparts for two- or three-day workshops and the large number of advisers and counterparts on ASF.

In comparison, the AusAID-funded Capacity Building Service Centre (CBSC), which participated in the second pilot, has since run the program three times broadly in its original format, and another three programs are planned. The CBSC office has both a human resources director and a specialist capacity building adviser, both of whom attended the pilot. Having dedicated resources for capacity building has no doubt been an advantage, both for providing facilitators and for managing the provision of the program.

4 ASFII governance arrangements, management and processes

This section reviews the processes used in implementing ASFII, including setting the strategic direction, membership and operations of the FMG, placement level processes and communication, coordination and linkages. It concludes with a consideration of the extent to which there is Facility ownership by GoPNG.

4.1 Strategic direction

Since 2004 the Facility has operated under a set of four strategic objectives developed by the FMG, and aligned to GoPNG priorities, specifically the objectives set out in the *Strategic Plan for Supporting Public Sector Reform in Papua New Guinea (2003–2007)*. The FMG revised the purpose statement in 2006 to bring it into line with the GoPNG priorities.

There have been major benefits in having a strategic focus. In particular, GoPNG officials consider that the program is closely integrated with, and provides direct support to, its own strategies and priorities. This has been very important as a means of reinforcing ownership of the program at the overall Facility level. Enabling the Facility to continue to be demand-driven as under ASFI, but within the overall strategic framework, also reinforces ownership at the placement level.

The process outlined in the PDD is that the strategic direction would be set and reviewed annually by the FMG and would reflect both GoPNG and AusAID priorities and strategies. Since 2004, the priority areas in the annual strategic plans have been reviewed but have varied only slightly. A summary of the strategic priorities for the four strategic plans is set out in Table 5.

Table 5 – Development of ASF strategic priorities over four years

GoPNG public sector reform	ASF strategic plan 2004	ASF strategic plan 2005	ASF strategic plan 2006	ASF strategic plan 2007
1. A public sector with a clear sense of direction	1. Setting clear directions	1. Setting clear directions	1. Setting clear directions	1. Setting directions and operationalising plans
3. Improved performance, accountability and compliance	2. Improving performance	2. Improving performance	2. Improving performance and accountability	2. Improving performance and accountability
2. Affordable government	<i>Improved public expenditure management*</i>	3. Public expenditure management	3. Expenditure management	3. Public expenditure management
4. Improved service delivery		4. Tackling HIV/AIDS in the work place	4. Tackling HIV/AIDS in the work place	4. Tackling HIV/AIDS in the work place

**Expected to be supported through the (then) newly agreed Enhanced Cooperation Program, with ASF providing some specialist or supplementary resources only.*

Table 5 shows that the first three ASF strategic objectives support the first three PSR objectives. There is no explicit ASF objective that supports the fourth PSR objective of improved service delivery. However, it is clearly part of ASF's role as its goal includes

contributing to enhanced service delivery and the intended outcome is ‘more effective and efficient service delivery’. Also, the first three PSR objectives – clear direction, improved performance, accountability and compliance, and affordable government – are intermediate objectives that have (or should have) the overall purpose of improving service delivery. So by focusing on the first three objectives, ASF can contribute to the fourth.

There have been only minor changes in the ASF strategic priorities each year:

- In the 2005 plan tackling HIV/AIDS was added as a fourth priority
- In the 2006 plan ‘accountability’ (but not compliance) was included in the second priority of improving performance
- In the 2007 plan ‘operationalising plans’ was included in the first priority of setting clear directions.

The GoPNG’s PSR plan covered the same period as ASFII, from 2003 to 2007, so it is not surprising that the changes each year have been minor. A refinement for a future facility might be to have annual minor reviews, with a major review if and when there is a significant change in GoPNG priorities and strategies.

The PDD anticipated that the annual planning process would identify priority agencies and sectors, although the design itself allowed for support in any central agency, any line agency (departments, authorities and corporations) and any of the 19 provinces. The first strategic plan included the same central agencies as in the PDD although the Public Service Commission was excluded from ASF. However, it narrowed the focus to five sectors including broad-based rural development (rather than the provinces). There have been some minor changes in the three plans since then, and the inclusion of specific central agencies such as the Internal Revenue Commission and the Central Supply and Tenders Board. The changes are shown in Annex 5.

4.2 Membership and operations of the FMG

The review team found that the FMG continues to be a very effective body. Its strengths are that it is small but nevertheless represents appropriate agencies, and it is seen to be neutral and is not ‘captured’ by any interest group.

The **membership of the FMG** consists of representatives from:

- Department of National Planning & Monitoring (the key department with responsibility for both donor relations and the development budget)
- PSRMU (the unit with prime responsibility for PSR)
- Department of Personnel Management (the department with responsibility for human resource development)
- AusAID (the provider of funds)
- The managing contractor (the service provider).

Appropriateness of this membership was discussed with current members and other stakeholders. It was suggested that the membership was appropriate, although one person suggested that a future FMG could include a representative of provincial government, such as from DPLGA. Given the renewed focus on service delivery and involvement of the provinces, such an expansion might be appropriate for a future program, or even during the remaining time of ASFII.

None of the GoPNG members are heads of their agency, but this appears not to have constrained them in their decision-making authority.¹⁸ All GoPNG FMG members valued the experience of being on the Board and considered they could fully participate and had ownership of decisions.

The role of the Facility Director in the FMG should be reviewed for a future program. Although the ASF Facility Director is a full member with voting rights, in practice the role is more one of secretary to the Board. The current Director has rarely, if ever, used his voting power because he considered it to be inappropriate in a Board with majority GoPNG members. This is in contrast with some AusAID-funded initiatives where, under strategic partnering arrangements, the partner government, AusAID and the MC all have equal representation and decision-making authority. Anecdotal evidence suggests that there are drawbacks with such a model, unlike the FMG which appears to work very well. A future program might formalise the arrangements so that the Facility Director acts as secretary to the Board instead of being a full voting member.¹⁹

Consistent with the findings on the appropriateness of membership, the **decision-making process** is also regarded as being effective. The use of the strategic priorities to determine whether to accept or reject a submission was seen to be very helpful. The GoPNG members felt they could take the lead on decision-making and there was no domination by AusAID. The involvement from AusAID was seen to be appropriate and supportive. In several cases the FMG would seek further information before making a decision. It was clear that the 'inside knowledge' provided by GoPNG members was very useful.

The FMG has adopted, for one agency with a number of short- and long-term advisers, a model of devolved decision-making; that is, the FMG approved a budget of adviser months over two years, for the agency head to decide how to 'spend'. This has the benefits of recognising the decision-making competence and authority of the agency head as well as freeing the FMG from needing to consider a number of relatively small submissions. The agency head valued the approach. Such a delegation of responsibility could be considered for other agencies.

The evaluation team attended one FMG meeting and observed the level of participation and quality of discussion, and considers it to be an effective decision-making body.

The team did have some concerns, however:

- Documentation of decisions, particularly reasons for rejection, is not always clear in the minutes
- As noted earlier, the disappearance of the 'open' category for funding has meant that some worthy submissions might have been turned down. The decision (if it was deliberate) was not documented and the category appears to have been overlooked or forgotten
- More generally, there has never been the need to develop and use criteria for selecting between 'qualifying' submissions because the budget has always been sufficient, and has been increased where necessary

¹⁸ It is probably a benefit to have senior people who are not heads as there has been good consistency of attendance at meetings.

¹⁹ This is similar to the structure in many NGOs, government-owned enterprises and the private sector where the chief executive officer reports to a board but is not a member of the board.

In relation to **FMG access to and use of strategic and policy-setting information** the team noted that although general financial information is provided to the FMG, it appears that it is not discussed. It may need to be presented in a more meaningful format. One member mentioned that it would be of interest to see a breakdown of funding (or adviser months) that has been provided to different agencies, for example economic versus social departments. It might also be useful to the Board to see, at least on an annual basis, the broader analysis of placements such as has been given in Annex 3. This would enable the FMG to consider whether it wants to take a more proactive role to address some of the ‘gaps’.

With regard to **governance arrangements**, the team was asked to consider the appropriateness of the current one-tier arrangement compared with a two-tier structure. Typically a two-tier structure would involve a higher-level board whose primary role would be to set strategic directions, while the second-tier committee would handle operational matters including making decisions on individual submissions, as the FMG currently does. The advantages of continuing with the current structure are that it works well, and it already has arrangements in place to set the overall strategic direction **and review it annually**.

The benefits of a two-tier structure are that an annual (or six-monthly) meeting of a committee with wider representation could add value through ensuring coordination with other GoPNG and aid-funded initiatives and through providing a whole of government perspective. It would also clarify the accountability of the FMG – at present the FMG is not it accountable to any other body (although individual members are separately accountable to their ‘parent’ body).

On balance a two-tier structure would be more appropriate in terms of good governance, but at present there is no existing committee in GoPNG which could take this role. In keeping with the Paris Declaration on Aid Effectiveness, it is important not to create a separate board or committee but to try to use existing government structures. There is currently no obvious committee, but this may change. In the meantime, one option might be to use the Central Agencies Coordinating Committee (CACC) as a high-level oversight body, through the FMG chair making an annual or six-monthly presentation about the ASF’s strategic directions at one of the CACC’s regular meetings.

4.3 Placement level processes

ASF placements are identified in a number of ways; the main categories are:

- **Direct requests from GoPNG agencies** – Agencies identify a need and approach ASF for assistance. At times this may involve ASF in early discussion to shape the request before it is presented to the FMG for consideration.
- **Requests modified by the FMG** – A request may come in for particular support and the FMG may suggest or offer support of a more fundamental nature, for example for corporate planning/direction setting. Alternatively, the FMG may reject the request but in doing so, encourage a request of another type.

At times, FMG has used a progressive engagement approach, funding one adviser with an expectation that others will follow if the first is successful. An example was the Department of Agriculture and Livestock (DAL) Scoping Adviser in 2005, which was negotiated after a request for support for a National Agricultural Plan. This then led to a GoPNG request for support with the DAL Functional and Expenditure Review (FER).

- **Direct nominations by GoPNG** – In some cases GoPNG requests the appointment of individuals to particular positions. This is quite rare as the normal process would be to encourage the agency to apply to the FMG. Examples include the DAL FER advisory team, the appointment of two specific individuals for the Public Sector Reform Strategy Review, and the appointment of an officer within Treasury.

The precise source of the request (who initiated the idea that led to the request) is not always obvious. Simply identifying where the actual placement request came from does not necessarily identify the origin of the idea for a placement. This can sometimes be difficult to uncover, but some recent examples are:

- An AusAID officer may discuss an idea (or even ‘seed an idea’) within an agency, leading to a request (e.g. recent NACS requests)
- An ECP officer or ASF adviser working within the agency may identify a need and encourage/assist a request to be drafted (e.g. Auditor General’s Office)
- A discussion with ASF about one suggested (but clearly unrealistic) request can lead to suggesting that a different request be considered
- Agencies may become aware of ASF through word of mouth or other mechanisms and independently develop their own placement request (usually after an initial enquiry through ASF or AusAID).

ASF has a strong process of engagement to scope, define and finalise placements. This process results in a signed partnership agreement that sets out the details of a placement including objectives, expected outcomes, terms of reference and recruitment specification. The engagement process has been refined over the years and reduces the risk of inappropriate and/or unrealistic placements progressing. With close consultation and at times frank discussion, the exact need for, and nature of, the placement can be agreed and any issues such as lack of commitment and GoPNG ownership resolved.

The partnership agreement process in particular addresses the appropriateness, relevance and rationale for the position/s and seeks to draw key agency staff into the process. This does not always work perfectly, even where agreement is reached at a senior level, and there are instances where a new adviser has had to reshape the terms of reference on arrival in the agency. This may occur, for example, when there is a long recruitment lead time (and the situation in the agency has changed during that time). Problems more frequently arise, however, when the position is a direct appointment and not derived from a genuine need identified by the GoPNG agency staff themselves.

4.4 Coordination, communication and linkages

ASFII has had good linkages with some sectors, in particular the transport sector and sub-national levels of government. Both sectors are in the process of setting up their own programs of support after having successfully used ASF advisers. The Financial Management Improvement Program appears to have good working relationships with the ASF-supported Finance Training Branch in the Department of Finance.

The November 2005 mid-term review of the Facility found that a strength of ASFII was its provision of information to GoPNG stakeholders, such as strategic plan summaries, six-monthly reports, seminars for advisers and counterparts, and regular newsletters. Such

‘publicity’ has been reduced recently, because the ASF is ending and it is not so appropriate to generate interest and demand that might not be able to be met.

4.5 Facility ownership

The review team was asked to consider the extent to which GoPNG is aware of and ‘owns’ ASFII. The team found that GoPNG members of FMG have a strong sense of ownership of ASFII, and see AusAID’s role as being supportive rather than interfering or dominating. As noted above, the close link between GoPNG’s PSR and ASF objectives strengthens the sense of ownership at FMG level, and the demand-driven nature of placements reinforces ownership at placement level.

Findings indicate that ASF has a good reputation among government, or at least among those people contacted as part of the evaluation process. However, this may be a somewhat biased finding as such people already know about ASF. It would be difficult to establish the extent to which it is known in government without conducting a separate survey of PNG officials, but this may raise expectations that cannot be met.

The team was also asked to consider the level of government engagement with ASFII, and whether this is appropriate. ASF advisers typically work with senior government officials, from heads of agency down. The heads or deputy heads are often involved in the recruitment and selection process. Advisers usually have more than one counterpart, and may work with any or all staff from the work unit²⁰ in which they are placed, which is important for sustainability. Because ASF is demand-driven, the agency itself decides on the real need and the level(s) at which the advisers should operate. The levels of their engagement are therefore considered appropriate.

²⁰ This report uses ‘work unit’ as a generic term to cover the organisational subsets of an agency or department (e.g. division, branch, work unit, directorate, etc.) in which advisers operate.

5 Outputs, outcomes and achievements

This section sets out the achievements of the sample of 15 placements. Their outputs, outcomes and achievements are presented according to two broad categories:

- Results against the four objectives of the GoPNG's PSR agenda
- Capacity building results

The section concludes with the key findings from the three case studies presented in Annexes 6-8.

5.1 Public sector reform

The evaluation team analysed the activities and achievements of the agencies in which the sample of advisers worked against the four GoPNG PSR objectives. The objectives, with a brief explanation of each, are given in Table 6.

Table 6 – Public sector reform objectives

Objective	Explanation
Objective 1: A public sector with a clear sense of direction	Government departments, agencies and provincial administrations are focused on performing core roles of government and thereby giving effect to government priorities. Central agencies provide leadership and support to ensure that the public sector has a unity of purpose and that stakeholders understand the public sector's role. Agencies have a corporate plan linked to budget planning and public sector reform.
Objective 2: Affordable government	Government core services are delivered economically, efficiently and effectively. This includes making progress towards a smaller, streamlined public sector and developing sound procurement processes so that spending is strictly controlled.
Objective 3: Improving performance, accountability and compliance	Performance of government departments and agencies is measured and reported on, accountability at all levels is enhanced and much stronger measures are taken to deal with fraud and corruption in the public sector. There is an increased capacity to monitor compliance and performance, and improved leadership skill development.
Objective 4: Improving service delivery	Improvements are made in the structure, role, capacity and behaviour of the public sector that will contribute to effective delivery of services.

5.1.1 Objective 1: A public sector with a clear sense of direction

Good progress has been made in assisting public sector agencies in the sample to develop and clarify their sense of direction. Adviser activities in four broad areas have helped with:

- Corporate planning
- Understanding the agency's place in the wider stakeholder group
- Organisational restructuring
- Developing sector strategies.

Corporate planning

One of the most obvious ways to ensure agencies have a clear sense of direction is to undertake a strategic planning process. Most agencies in the sample have developed a strategic or corporate plan with help from ASF advisers.²¹ Two agencies have since revised their plans, either as part of a rolling annual process or as a periodic review. Steps to implement the plans are being taken through developing annual plans or implementation schedules. Some advisers reported that the corporate plans are driving the budget, to ensure that priorities identified in the corporate plan are funded.

At the work unit level, the advisers have helped to clarify the work unit's purpose. At least four agencies have a work unit strategic plan and/or an annual plan which is aligned with the agency corporate plan. As a consequence staff say they have a better idea of how their work unit contributes to the agency's overall role, thus giving them a greater sense of purpose for their work.

Understanding the agency's place in the wider stakeholder group

A second way that advisers have helped their agencies to develop a clear sense of direction is by helping them clarify their core roles and responsibilities in relation to other stakeholders and other agencies. For example, in the National AIDS Council Secretariat, an adviser helped staff to develop a common understanding of the Secretariat's role compared with that of other stakeholders. The mandated functions of NACS emphasise that NACS is a coordination agency and does not have responsibility for direct service delivery - a point that had previously not been well understood by staff.

Similarly, in the Department of Transport, the adviser helped senior officials clarify the department's responsibilities compared with those of other stakeholders (such as DoW) and helped improve coordination and cooperation. In developing the corporate plan, the department sought input and feedback from stakeholders.

In the cross-agency placement with DoW and Treasury, the adviser helped each agency understand the other's role and how they could work together more effectively. This allows both agencies to have a meaningful sense of direction without duplication or gaps of responsibilities.

Organisational restructuring

A third type of achievement that has helped the agencies develop a clear sense of direction is agency or work unit reorganisation. The management maxim that 'structure follows strategy' is meant to demonstrate both that the organisation structure should be designed to best meet the strategy, and conversely, that it is difficult to implement a strategy if the organisation structure is not aligned. Helping an agency restructure to better focus on its core functions thus contributes to reinforcing and implementing the new or clarified direction. A restructuring process enabled one agency to analyse the work it was doing, and explore and resolve areas of duplication with other agencies. In total, five advisers from the sample have advised on reorganisations, one at the agency level and four at division or branch levels.

²¹ In one agency a draft plan was developed but had not yet been approved; in another the plan was developed before the adviser started; in a third the plan was developed before the adviser started, with assistance from a non-sample ASF adviser.

Sector strategy development

A major achievement in meeting this objective was the completion, with the adviser's assistance, of the *National Transport Development Plan 2006–2010*, which covers the whole transport sector. The work involved consultations with a wide range of stakeholders and culminated in a team of officers working full-time for 13 days to write the plan, with the assistance, coaching and support of the adviser. Senior officers stated that they were very committed to the task and the resulting plan and learned a lot from the process, including the importance of being part of a team and not letting others down. The plan was approved without amendment by the National Executive Committee and resulted in a significant increase in funding for the sector²².

Results – is there now a clearer sense of direction?

Both the interviews with agency officials and the advisers' reports indicate that the agencies have a clearer sense of direction and a sense of achievement. For example, one adviser reported that senior managers have an improved understanding of their role in the organisation as well as the organisation's contribution to the broader goals and objectives of the GoPNG. Consequently there has been an improvement in focus, effectiveness and performance, and senior managers feel more accountable for their actions which, if sustained, contribute to the third objective of improved accountability.

The evaluation team did not check the quality of corporate plans: it was not the team's role and the plans belong to their originating agencies. Processes to improve the quality of plans are more important than the absolute level of quality. One agency mentioned that their first plan was not very good but that the second was much better, both in terms of quality and through greater staff participation. It is to be expected that as agencies gain more experience in corporate planning the plans will improve.

5.1.2 Objective 2: Affordable government

The work of the advisers in the sample contributed to this objective by:

- Strengthening procurement processes and controls on expenditure
- Bringing in improvements that lead to efficiencies and cost savings
- Helping with progress towards a smaller, streamlined public sector
- Assisting to maximise revenue collection.

Strengthening procurement processes and controls on expenditure

The advisers have helped to develop and implement improved procurement policies and procedures that meet the requirements of the *Public Finance (Management) Act 1995*. Specific improvements include:

- The need to get three quotes
- More robust tendering requirements
- Tighter authorisations
- More stringent vendor and contract management
- The need to consider value for money
- Improved negotiation skills for dealing with vendors.

²² The previous plan, developed with external advisers, was considered to be overly ambitious and unrealistic.

According to the advisers involved, the improved processes are unlikely to lead to any reduction in expenditure as such, but there should be better value for money and the opportunity to redirect savings into other areas.

Controls on expenditure have been improved through clarifying the correct authorisation levels for procurement and staff allowances, and ensuring that staff (in finance work units as well as the broader agency) are aware of them. Advisers encourage staff to ensure that proposed expenditure is in line with budget allocations. One agency reduced the need for writing cash cheques, which improves controls. Another adviser has assisted with cash flow forecasting.

Advisers in two agencies have helped re-establish an internal audit function; one agency established a Finance, Audit and Procurement Committee to ensure that proposed expenditure is appropriate. Audit trail processes in financial systems were improved.

Some advisers have helped to improve the quality and accuracy of financial information and reporting, which is the first step to improved expenditure control. For example, one adviser helped to develop analysis and reporting by division so that the managers can check their divisional expenditure. Another helped develop a more user-friendly report format that made it easier to highlight expenditure issues. In several cases advisers have helped to bring the financial management reporting up to date.

Bringing in improvements that lead to efficiencies and cost savings

Advice and assistance provided by advisers has resulted in a number of efficiencies and cost savings in the agencies in which they work. Some examples are given in Box 3 below. Cost savings are as estimated by the advisers or counterparts.

Box 3: Examples of efficiencies and cost savings made with advisory support

Efficiencies

- Improved IT operations and help desk services mean that staff in the agency are no longer seriously affected by software and hardware problems
- Consolidating provincial ledgers into one central ledger reduced the workload from balancing 20 ledgers each month to just one
- Network improvements that link regional or provincial offices to headquarters enable centralised backup and improved communications through email

Cost savings

- Cleansing the payroll and removing 'ghost' workers in two agencies resulted in savings of around K1 million per annum
- Developing the transport sector plan in-house saved up to K1 million, based on previous experience of using outside consultants
- In-house development of intranet and internet websites was significantly cheaper than using an external supplier (which might have cost up to K100,000) and has resulted in more efficient and cost-effective information dissemination and internal communication
- Identifying overpayments of allowances and implementing the correct rates has resulted in savings
- Negotiations with the banks resulted in a reduction in bank fees of around K250,000 per annum
- Setting the time clock for the air conditioning to run from only 6 am to 6 pm on weekdays and nothing on weekends (instead of 24 hours a day, 7 days a week) resulted in savings that equated to K120,000 a year
- Encouraging staff to go home at the appointed time has led to a substantial reduction in electricity and telephone costs. For example the telephone bill has reduced from K50,000 to K10,000 per month

- Cost-effective and sustainable computer training using the International Computer Drivers Licence was introduced for both IT staff and staff in the agency
 - Improved skills of IT staff means they are less reliant on costly external IT support
- Other improvements**
- Creating an environment of trust and credibility with IT vendors, so they no longer required a full upfront pre-payment before providing services, means there is better control over quality and cash flow
 - Encouraging the use of existing resources – within the agency, within government, or within PNG – helps to reduce costs and improve sustainability
 - Using local training providers rather than more expensive overseas training means that a greater number of staff have access to the training

Some savings and efficiencies were quantified but others were not, as many agencies do not have baseline data. As financial systems and procedures improve, with adviser support, it should become easier to measure the savings.

Helping with progress towards a smaller, streamlined public sector

Some advisers have helped to rationalise and streamline the organisation structure, leading in some cases to a reduction in staff. This, and other adviser support to improve coordination between agencies, should also result in cost savings as duplication is removed.

Assisting to maximise revenue collection

The work in the ISCAT unit of the Department of Lands & Physical Planning (DLPP) is the most significant in this area. Before the adviser started the key computer system at DLPP was at serious risk of collapse. If that had happened DLPP could have lost its revenue of K20 million a year. The system upgrade, which the adviser helped to implement, has enabled the revenue to be secured. The network connection of regional offices to headquarters should further help to improve revenue collection.

Another increase in revenue – although to an agency that was not part of the sample – arose through implementation of the correct taxation of allowances and benefits in a sample agency. This resulted in an increased payment to the Internal Revenue Commission of approximately K350,000 a year. It could lead to further increases as the taxation rates being applied in other agencies will in future be checked, following the success in the sample agency.

Results – is there now more affordable government?

The degree to which the improvements were fully implemented and complied with seems to vary across agencies. In one agency the manager admitted that it was difficult to get senior managers to adhere to the correct procedures regarding authorisations. Another agency started to set up an internal audit function with the adviser's assistance but progress has stalled.

Despite these setbacks, some of the cost savings and efficiencies have already been realised, and it is hoped that others will continue. It is more important, however, to encourage a mindset of looking for efficiencies and working within existing resources, instead of using the lack of resources as the excuse for not achieving the work unit's goals. The more successful advisers seem to be able to encourage this positive mindset in staff by demonstrating that it can be done. The challenge will be to see if it is sustained after the advisers have finished.

5.1.3 Objective 3: Improving performance, accountability and compliance

This objective is interpreted as improving the processes to measure and monitor performance, leading to improved accountability and compliance. Improvements in agency or work unit performance are reported below in the section on capacity building.

Performance monitoring and measurement

The adviser reports indicate that little was achieved that explicitly addresses this part of the objective. During interviews, agency stakeholders were asked how they monitored performance, and most mentioned the quarterly reporting process that requires them to submit a report to the Department of Treasury on progress against the agency's annual plan. Therefore, the data collection part of performance monitoring appears to be happening. It is not known to what extent the reports are being used to take action to address shortcomings. Some advisers have assisted senior management to set up regular meetings with minutes and action lists, at which they review progress and discuss any issues arising. Advisers have helped with project management and monitoring. One adviser has helped improve the accuracy and reliability of data, which will help the agency evaluate performance.

If agency corporate plans have performance indicators, then the basis for monitoring has been established. Only one adviser explicitly mentioned that there was improved reporting and evaluation of progress against the agency's corporate plan. It may be that performance monitoring and measurement have improved but are not being reported on. It would appear that the only clear area where explicit progress has been made is in financial performance measurement and monitoring.²³

Accountability and compliance

Most of the work done to improve accountability and compliance appears to be in financial management. The work done in some agencies to bring their annual financial reports up to date is a means to improve accountability for funds. In one agency the adviser assisted senior management to implement the recommendations from an Auditor General's Office report, which will improve accountability and compliance. New charts of accounts implemented in three agencies mean that managers have clear budget responsibility and are accountable for that budget. Improved procurement procedures help agencies comply with requirements of the *Public Finance (Management) Act 1995*.

Some advisers mentioned that they have helped agencies to implement a system of quarterly reporting, which improves accountability and compliance. Some advisers have helped identify irregular practices, either because of incorrect interpretation of rules or because of fraudulent behaviour. When the agency takes steps to correct them compliance is improved.

Results – have performance, accountability and compliance improved?

While some improvements were achieved, there is still a considerable way to go. Advisers noted that accountability and compliance are yet to improve in one agency and other problems and challenges remain; for example, senior agency staff are not prepared to follow through and implement correct practices.

²³ This is still an emerging area. ASFII has appointed only four monitoring and evaluation advisers, three of whom have started in the fourth year of the program.

5.1.4 Objective 4: Improving service delivery

This objective concerns improving the structure, role, capacity and behaviour of the public sector so that it contributes to effective delivery of services. There is no equivalent objective in the ASF strategic priorities and the work of ASF advisers does not support service delivery directly. However, ASF supports improved public sector governance, management and administration, which ultimately, it is assumed, will improve service delivery. Achievements against this PSR objective are not explicitly reported in the advisers' reports.

Much of the focus of ASF is on strengthening corporate services, whose main purpose is to provide a *service* to the rest of the agency and to certain external stakeholders (such as Treasury and Finance). In this respect, a measure of the adviser's success would be that the internal and external 'customers' consider there has been an improvement in service delivery. Although this was rarely mentioned in the evaluation interviews, there is, nevertheless, evidence that service delivery has improved in some cases²⁴.

Advisers clearly understand that their work is service-oriented and examples of improvements to services for **internal customers** include:

- Provision of accurate and timely budget management reports
- Improved processing of purchase orders
- Improved IT services, such as better help desk operations and more reliable IT hardware and software.

Advisers have gone about these improvements in different ways, for example:

- Undertaking an internal customer survey as part of the initial situation analysis which then led to the development of the adviser's work plan
- Helping staff examine the core services provided by their work areas and identifying key working relationships. This resulted in activities such as appointing a counter service officer to respond quickly to staff with payroll queries
- Reviewing the location of administration services throughout different buildings. This led to a plan to bring all administrative personnel into one main work area
- Establishing workplans that focus on projects and objectives which work towards improving IT technical efficiencies so as to help the rest of the agency improve its operations
- Increasing engagement with regional/provincial offices to assess how to support them better.

Examples of service delivery improvements to **external customers** include:

- Financial reports submitted on time to the Departments of Treasury and Finance
- Improved and more frequent communication between the individual agency and other agencies, particularly central agencies such as the Departments of Treasury and Finance.

Two advisers reported that staff are beginning to recognise the wider stakeholder and customer group, which is a starting point for improving service delivery. One agency, with the adviser's help, conducted a survey of its external customers and used the results as input to its corporate plan.

²⁴ This comes from agency feedback to ASF, through the routine placement evaluation process. The placement completion questionnaires ask stakeholders specific questions regarding service delivery in their agency.

Results – has service delivery improved?

Much of the work of the advisers to strengthen corporate service functions in fact leads to improved service delivery. There is a good opportunity here for advisers to help their counterparts develop or strengthen a customer service attitude or approach, for example through inviting counterparts to contribute to the achievements section of the adviser's monthly and six-monthly reports.

5.2 Capacity building results

5.2.1 Background

This section describes and analyses capacity building activities and achievements of the selected advisers, based on the six-monthly and placement completion reports and interviews with those advisers still in PNG. These were verified by agency stakeholders.

Three preliminary points need to be made concerning the interpretation of levels of capacity building, the fact that advisers often report their activities rather than the results, and the difficulties of measurement.

First, since June 2006, ASFII has asked advisers to report on their capacity building work and achievements specifically at the three levels of individual, group and organisational capacity building, following the AusAID definition. The question in the report template is given in Box 4.²⁵ Although the wording is straightforward, the three levels have been interpreted in different ways by advisers. For example, some have described any group training or workshop sessions as 'group capacity building', even though the session may be primarily aimed at increasing the skills and knowledge of individuals. In contrast, other advisers have shown, correctly, that some of their capacity building activities at one level can have an impact at two or even all three levels.

Box 4: Reporting capacity building

Provide an overview of your capacity building work and achievements in this reporting period. Your report should focus on three different levels of capacity building:

1. Individual

Report your activities and progress in building the skills, knowledge and ability of your [Key Agency Staff] or other agency staff you work with.

2. Group

Report capacity improvement in any agency units you work with. This may include improvements in the leadership, management, team function, systems and processes of the functional area in which you work.

3. Organisational

Provide an overview of capacity improvements in the organisation in which you work, specifically in the areas that your work contributes to. This may include improvements in organisational structure, policy, systems, processes and procedures.

From ASFII Adviser Six Monthly Report Template

²⁵ Previously the question was: 'Provide an overview of your capacity building work and achievements to date this year. Make an assessment of the success of these efforts and outline any issues and/or problems that emerged – along with indications of how you will address these in the coming months'.

The second point is that the template asks advisers to report both ‘capacity building work’ and ‘achievements’. The reports tend to list the activities the advisers have undertaken rather than what they or their counterparts have achieved. This may be because:

- The former is easier to report as the writers know what activities they have done
- Capacity building takes a long time and the results of the activities may not be known for some months or years – sometimes well after the adviser has finished.

Not all achievements are solely the result of an adviser’s work. A fundamental principle of sustainable change is to ensure, as far as possible, that counterparts are the ‘authors’ of the change - that they decide whether and how to apply the new learning or ideas. ASF has recognised this by asking ‘Detail the outcomes that you think your counterparts would report to us, if they were asked’. The results are variable, however, and still tend to focus on activities rather than achievements. Of course, the obvious answer is to ask the counterparts directly, which ASF does through its six-monthly feedback mechanism.

Another approach would be to get the counterparts’ specific input to the six-monthly report. Some advisers already consult their counterparts and/or give them copies of the report. Ideally the adviser’s report would become a joint adviser-counterpart report, and would be a subset of the agency’s or work unit’s own report, showing progress on the activities that they are jointly working on.

The third preliminary point is that the word ‘achievement’ is not defined but is implicit in the words ‘progress’ and ‘capacity improvements’. These are difficult to measure unless there is some sort of benchmark or baseline data. Advisers’ situation analysis reports are intended to provide this information, but even so, precise definition of capacity is a challenge. Only one adviser in the sample reported on capacity building in terms of the stage reached, using AusAID’s Staged Capacity Building Model.

Rather than try to re-analyse the reported activities into the three levels, or try to determine whether they are achievements or activities, this analysis instead focuses on the types of skills and capacities that advisers have helped develop under the following headings:

- Improvements in management capacity
 - Strategic leadership and management
 - General management
 - Financial management
 - Teambuilding
- Technical capacity development in finance, IT and human resources
- Attitudinal changes
- Results – where have the impacts been?

5.2.2 Improvements in management capacity

Strategic leadership and management

Two advisers in the sample were appointed as strategic/senior management advisers, working with the Secretaries and senior staff. Two other advisers have worked in both a functional area and with the Secretary at a strategic level. The four advisers reported capacity building activities and achievements in this area, such as:

- Assisting management to think strategically and plan work programs in line with government objectives and policies, including the PSR agenda and the Medium-Term Development Strategy.
- Working with the Secretary to help him²⁶ discriminate between urgent/important work and non-important/non-urgent work so that he can better focus on strategic and important work
- Undertaking a review and update of the strategic plan. This has increased the confidence and pride of the staff; furthermore, staff were exposed to the methodology and are now able to apply this in years to come.
- Encouraging the Secretary to implement improved monitoring and evaluation mechanisms to enable the department to demonstrate to government and other stakeholders the impact the department is having.

Advisers also reported that two departmental heads received commendatory letters from their Ministers and Chief Secretary regarding matters such as response to the Government's PSR Strategy, corporate plans and monthly reporting. These were all areas that received adviser assistance.

Activities reported above on Objective 1 of the PSR objectives, such as the development of strategic/corporate plans, have strengthened strategic leadership and management and, according to two advisers, are showing signs of sustainability.

General management

Most advisers reported capacity building activities designed to improve general management skills and knowledge. They included two off-job management training and development programs. The first was a series of lunchtime workshops attended by 60 managers and supervisors in the Department of Transport. The adviser ran the first program, with later programs run by previous participants. The second is the Diploma of Management from the Divine Word University, where the adviser identified the course and provided support to the six participants from the DoW to help them with their work-based assignments.

In other cases the advisers reported taking advantage of work situations to help develop their counterparts' skills. Some advisers have helped their counterparts increase delegation to their staff, as well as following through on actions and holding them accountable for results. Two helped managers to develop their coaching and mentoring skills, and three helped with communication skills.

²⁶ The use of the gendered term here is quite specific as no departmental Secretaries that ASF advisers work with are women.

Other areas include policy writing, presentation skills, critical thinking, problem solving and decision-making, report writing and negotiation skills. Two advisers, working with staff that were new to the public service, helped them to understand public sector policies and procedures. Advisers have supported:

- The development of planning skills, particularly in the context of helping their counterparts to develop annual workplans for the work unit
- Follow through to ensure the plans were implemented
- Project planning and management
- Setting work goals, timeframes and deadlines
- A process to develop a corporate calendar to identify recurring events, processes and meetings.²⁷

The advisers have introduced a variety of simple techniques and methods to help counterparts improve their management skills. The most common is encouraging the holding of regular (weekly or monthly) meetings of the senior management group and/or the work unit, where issues can be discussed and resolved, and progress checked. Some have encouraged the discipline of having agendas and action-based minutes. One adviser introduced this almost by accident when asked to take minutes of a meeting and included an action table with due dates. This then became the basis of minute taking at all meetings.

Some advisers have encouraged greater involvement with external stakeholders, both to get their input into relevant issues, and as a resource; for example to provide training or briefing to staff. One adviser noted that staff saw the benefits of such engagement and were actively thinking about how to engage with a broader range of stakeholders.

Financial management for non-financial managers

Work undertaken by financial management advisers to improve the skills and capabilities of the finance work units in the agencies is covered in the case study in Annex 7. Their work has also helped to develop the financial management skills of non-financial managers. Some non-financial advisers have provided support in this area, particularly where there was no finance adviser in the agency. The main areas that were strengthened were:

- Budget preparation
- Financial reporting, such as reporting actual expenditure against budget
- Procurement policies and processes.

Teambuilding

Teambuilding is perhaps the most obvious way of building group capacity. The ISCAT team in DLPP stands out as an excellent example of teambuilding, as discussed in the DLPP case study in Annex 8. Further, their achievements extended beyond ISCAT:

- Other staff in DLPP were members of the project team who worked with ISCAT staff to develop the website
- The ISCAT team helped run the ASF teambuilding workshop for advisers and counterparts
- The team also helped facilitate a full-day teambuilding workshop for 130 staff from Corporate Services at the DoW.

²⁷ Another agency also uses a corporate calendar, but it is not known whether this was developed with the assistance of advisers, although they do encourage its use.

Other advisers undertook activities designed to build their team, such as strategic planning and annual planning workshops and the development of the National Transport Development Plan.

Advisers who work as members of an adviser team were able to model a teamwork approach and demonstrate how their different functions complement each other. For example, in DoW, the IT, finance and HR advisers helped their respective work units to work together to implement the payroll system.

5.2.3 *Technical capacity development in finance, IT and HR*

Much of the work of the advisers, other than the strategic/senior management advisers, has focused on developing the technical skills, competencies, systems and processes in the functional areas in which they work. The sample of placements covers three functional areas:

- Financial management (seven advisers)
- Information systems, communications and technology (three advisers)
- Human resource management and development (two advisers).

The technical areas of work of the **financial management advisers** are discussed in their case study in Annex 7 and are summarised in Box 5 below.

Box 5: Financial management capacity building topics	
<ul style="list-style-type: none"> • Bank account policies and procedures • Bank reconciliations • Budget processes • Cash flow forecasts • Chart of accounts • Finance and accounting manual • Financial and compliance controls • Financial management 	<ul style="list-style-type: none"> • Financial reports • Financial systems (Integrated Financial Management System, Attaché, MYOB) • International accounting standards • Public Finance (Management) Act • Procedures manual • Procurement policies and processes • Travel procurement and processes

The three **information systems, communication and technology advisers** have worked in two agencies – DoW and DLPP – and are discussed in the case studies in Annexes 6 and 8. The areas they have covered are summarised in Box 6 below.

Box 6: Information systems, communication and technology capacity building topics	
<i>Technical and systems improvements</i>	<i>Developing skills in people</i>
<ul style="list-style-type: none"> • Help desk software – logging and reporting • Network upgrade • IT communications upgrade • Email country-wide • IT systems upgrade • Technical documentation • Templates and forms developed 	<ul style="list-style-type: none"> • IT strategy development • Information and communications technology review • Business case preparation • IT vendor selection and negotiation • IT policy development • Tender preparation and management • IT technical training • Web training • Help desk skills

Two of the three IT advisers have completed their placements and considered that the work units had reached the stage of competency in maintaining existing systems. However, one adviser stated that there remained a need for specialist support for more complex issues. Another adviser pointed out that the rapid rate of development of IT meant that long-term sustainability of the achievements was dependent on the staff continuing to want to learn, develop and improve.

The two **human resource** advisers were sequential in the same agency. Other advisers, including the finance and administration adviser, have also been involved in HR management and development activities. Technical areas they have covered are shown in Box 7 below.

Box 7: Human resource management and development activities	
<i>Human resource management</i>	<i>Training & development</i>
<ul style="list-style-type: none"> • Job description development, to include performance indicators • Performance appraisal • Recruitment and selection procedures • Succession planning • Payroll • Document management and archiving (for personnel files of staff who have left). 	<ul style="list-style-type: none"> • Developing and implementing a training and development strategy²⁸ • Training needs analysis • Management training and development – through direct provision of off-job courses/sessions, on-job training, mentoring and coaching, and organising external courses/trainers • Training of trainers/ presenters/ workshop facilitators

5.2.4 Attitudinal and behavioural changes

The final area of capacity building covers work culture, motivation, confidence building and other non-technical skills. Advisers and counterparts have reported a number of attitudinal changes. Some are reflected in observed behavioural changes such as:

- Improved work habits and increased outputs
- Increased attendance at work
- Increased proactive behaviour – for example, counterparts organise their own workshops and discussion groups
- Improved communications – counterparts discuss and share ideas, listen to each other and are prepared to address the difficult issues
- Increased confidence of staff – for example, they are more confident in making changes and knowing how to make the changes
- Counterparts show a desire to improve performance
- Women are now more confident – for example, they are more prepared to speak at meetings.

Other, less tangible attitudinal changes reported include:

- Improved attitude, morale and commitment
- Staff have pride, ownership and a sense of belonging
- Counterparts/staff have more of a sense of achievement
- Staff are prepared to define their own values and guiding principles.

²⁸ In the adviser's report this was termed a capacity building strategy, but in fact was focused on individual training and development rather than taking a broader approach to capacity building.

These are important changes. Advisers should be further encouraged to report them and to support their observations with examples where possible.

5.2.5 Results – where has the impact been?

Individual and group capacity building

The activities and achievements indicate improved capacity of individuals, groups and the agency as a whole. Much of the advisers' work focuses on individual capacity building, but this has impacted on group and organisational capacity building as well. The development of general management and planning skills clearly has helped to build individual capacity, and once the improved skills are applied in the workplace, can contribute to development of group capacity. Where there is a critical mass of people whose management skills are developed, there is an observable impact on the whole organisation (for example, DoW).

Improving financial management skills builds individual capacity. It can also improve group capacity: for example if the work units are better able to monitor performance and manage within budget. It can also build the agency's capacity if the improved budgets reflect the priority areas for service delivery. One adviser provided managers with accurate and timely advice on their budget position and helped them overcome 'the feeling of being powerless' they had previously experienced.

Building the team is an example of group capacity building that has also increased individual skills, knowledge, confidence and motivation. It has also built organisational capacity as, for example, the ISCAT unit now provides a greatly improved service for the internal customers of DLPP – the users of IT, including those based in the regional offices.

Organisational capacity building

There are fewer examples of activities that are focused primarily on improving organisational capacity. All but two placements in the sample, and indeed most of the advisers in ASFII, work at a particular functional level and therefore contribute to organisational capacity through improved functional capacity. Activities reported by advisers that directly impact upon the organisation include:

- Strategic planning
- Advice on organisational restructuring, to better align the structure with the agency's core functions. Five advisers were involved with this, although all but one advised on the structure of the work unit (e.g. branch or division) in which they were operating. One exercise had extra benefits, as shown in Box 8 below
- Development of organisation-wide policies and procedures, working with a high-level committee to help them with the process
- Breaking down barriers between agencies, such as between the DoW and Transport, and between DoW and Treasury, and clarifying misunderstandings between them
- Breaking down 'silos' within the agency.

Box 8: Benefits of restructuring

One of the restructuring exercises involved the staff carrying out a detailed functional review of the activities and functions in the agency. It had two extra benefits not originally envisaged. First, it provided valuable input for the government-wide rightsizing project and was recognised as a good model by the Public Sector Reform Management Unit. Secondly, with the adviser's encouragement, the Secretary developed a detailed project plan and used it to monitor and follow up on progress. The result was a much quicker reorganisation compared with previous years.

Increasing organisational resources

Another way to develop organisational capacity is to increase the resources for the agency. Advisers have helped in several ways:

- One adviser helped with the annual budget submission which resulted in a 5% increase in the development budget for the agency
- One adviser equipped a computer training room by adding an extra computer into every request for more computers
- Advisers helped their counterparts secure funding from donors for network upgrades and office equipment
- At the adviser's suggestion, members of the transport industry contributed to the cost of printing the new transport sector strategy
- Advisers have encouraged counterparts to use resources efficiently and, wherever possible, to access local resources: for example using local training providers. Examples include using the Internal Revenue Commission to provide training to audit staff on taxation matters, and use of staff from Department of Finance to help with a backlog of bank reconciliations. One adviser negotiated with IT suppliers to ensure they provided training and documentation
- Similarly, advisers have shown counterparts how they can use their own staff instead of paying for external suppliers. Examples include setting up an internal project team to develop the DLPP website instead of using an external vendor; developing the transport sector strategy in-house; and refurbishing the DoW training accommodation using staff with relevant skills
- Advisers have encouraged their counterparts to involve other agencies. For example, the PSRMU was involved in a restructuring exercise in one agency, while the Departments of Personnel Management and Finance help to resolve payroll inaccuracies. This has provided additional specialist resources and helped reinforce the links with central agencies.

5.3 Key findings from the case studies

The findings from the sample of placements have been written up into three case studies which are in Annexes 6-8. They cover:

- The team of advisers at Department of Works
- financial management advisers in several agencies
- the IT adviser at Department of Lands and Physical Planning.

Some key findings from the case studies are discussed below.

5.3.1 Long engagement with a team of advisers – Department of Works

ASF has been providing support to DoW for over seven years, initially with one adviser and increasing to a team of four in the corporate services functions. Over that time DoW has changed from being considered a poor performer with public allegations of mismanagement and poor financial control, to being regarded as one of the better performing GoPNG agencies²⁹. While much of this has been due to the vision and commitment of the Secretary and the senior management team, the support from ASF advisers is acknowledged to be a major factor in the change.

The experience of ASF support to DoW highlights a number of lessons and principles:

- Capacity building is incremental and takes time – the long period of ASF engagement has helped and encouraged DoW to undertake reform and embed changes.
- High-level engagement pays dividends – the appointment of the management adviser, who worked closely with the Secretary and his deputies, helped them develop a vision and strategy for DoW and build momentum for reform.
- Progressive engagement fosters trust and a genuine partnership – the initial appointment was successful and convinced senior DoW managers that the ASF capacity building model was effective, worthwhile and non-threatening.
- Working across two departments can be effective – at different times the management adviser worked across DoW, Transport and Treasury and proved to be an important link between them. However, expectations in the different agencies need to be managed.
- Changing from being a technical consultant to an ASF adviser and taking on a capacity building role is possible, so long as the staff are briefed about the changed role.
- The advisory team approach is effective and desirable, both from the point of view of the departmental officers and the advisers.

Another finding is that the self-managed team appears to work just as well as having a team leader. This is an important finding and is discussed in section 5.3.4 below.

5.3.2 Functional support across agencies – financial management advisers

The key points emerging from this case study include:

- The similarity of financial management work in agencies can provide opportunities for synergies and cost-effective approaches. The informal networking between advisers should be strengthened.
- Different models of advisory support should be considered, particularly to improve sustainability after an initial two- or three-year placement. Models include: one financial management adviser working across two or more agencies; or periodic support during critical times.
- Using external bodies such as external auditors to conduct a financial review, as a lever to gain agency support for change, should be considered before an adviser is provided to the agency. The adviser can then focus on helping the agency implement the changes and build capacity, rather than raising issues over non-compliance or other irregularities.
- Where a major government-wide program is being implemented, such as the Integrated Financial Management System, there should be an agreed approach across relevant ASF placements as to the adviser's role and whether additional resources are needed.

²⁹ This is acknowledged in the 2007 *Review of the Public Sector Reform Programme*

- Given the lack of financial management skills across all agencies and issues of sustainability, consideration should be given to providing financial management training across several agencies. Local providers could provide off-job training, followed by support from advisers back at work.

5.3.3 Progressive engagement and personal qualities of the adviser – DLPP

The Information Systems, Communications and Technology (ISCAT) adviser in DLPP has been one of the most successful placements in ASFII. Over the three years of the placement the adviser helped to turn around the IT division from one that had serious weaknesses in the computer systems, a lack of adequate resources and low morale among staff, to one with a strong sense of teamwork, efficient and effective computer systems, a customer-focused approach and a comprehensive website built in-house by the ISCAT team.

Key success factors from this placement are:

- Preliminary work had been done through the initial two-year placement of a planning adviser
- There was a high level of commitment and support from the Secretary, and the adviser ensured that this continued through regular communication and involvement
- An analysis of the ISCAT situation and staff was made initially and priorities for capacity building action developed by the team working together
- Personal relationships were vital and much work and energy went into these. A key factor was that the adviser focused on the abilities, strengths and potential of team members rather than their shortcomings
- Some quick wins were used to build motivation and gain commitment to further change
- Sustainability was a goal from the outset, not left to the end (for example, they pursued a twinning scheme to provide a support option with a similar Queensland agency).

5.3.4 Teams of advisers – with a team leader or self-managed?

The review team looked at teams of advisers in the same agency, and whether they have a team leader or operate as a self-managed team. The findings are drawn from the team of advisers in DoW (which started with a team leader but then became a self-managed team), as well as from interviews with people with experience of teams.

The advisory team approach is seen by both counterparts and advisers to be effective and desirable. Counterparts at DoW reported that they have learned more from having access to more than just one adviser. The advisers can model the idea that DoW corporate services staff are also a team that need to support each other. The team of advisers is able to tackle issues at an organisational level rather than just within their own discipline. They can support each other and provide a sounding board and another way of looking at issues that each faces.

With regard to whether there should be a team leader or a self-managed team, there are some benefits to having a team leader, particularly when there are new, inexperienced advisers, or when there is a project-type operation such as in the Finance Training Branch of the Department of Finance. The team leaders have also taken on responsibilities that would normally have been done by ASF management, in particular coordination and monitoring of performance. This has been necessary because of resource constraints within the ASF management team.

There are also some drawbacks to having a team leader, as follows:

- There is a risk that the team might become a ‘project’ in the agency
- It adds another management layer and could lead to confusion of reporting relationships, as well as the potential for inefficiencies and duplication
- In effect, the team leader can only spend part of their time on their own advisory functions, with the rest of their time on management and coordination. They might have conflicting priorities in doing their own advisory work and having to manage others
- It is not clear how the team leader position would be chosen; would it be the most experienced person in the team, or the adviser to the most senior counterpart, or by rotation?
- It raises complications about recruiting team members. Ideally, the team leader should have a say in the composition of the team, otherwise there could be disputes over accountability for results.

In contrast, the self-managed team approach can work well, particularly given the generally high quality of advisers recruited to ASF. There appears to have been no difference in the effectiveness of the advisers in DoW once the senior adviser, who had also been the team leader, finished his placement and was not replaced.

ASF management needs to monitor the performance of all advisers, and provide them with professional and pastoral support, whether the adviser is working on their own or in a team. The issue is really whether this monitoring and management function should be delegated to a team leader or should stay within the Facility management team. It is more cost-effective to have Facility management undertake these functions than to have them done by a high-paid adviser. While there might be special circumstances that justify a team leader, in general a self-managed team should be considered the norm.

6 Analysis of findings – understanding the reasons for success

This section reviews the factors that appear to have contributed to outputs and achievements. They can be grouped under the following headings:

- Agency commitment
- Skills, personal qualities and approach of advisers
- Features of the design and operation of ASFII.

The section concludes with a discussion of lessons learned from the placements and opportunities for improvement.

6.1 *Clear agency commitment*

It is clear that **senior level commitment** to the placement is essential to the success of the placement. This means first that the senior managers want to make changes in the agency, and secondly that they are prepared to take tough decisions. The DoW provides a good example of both these points as senior management knew they needed to change the practices and culture of the organisation, and indeed had two external reports that supported their views. In the course of the placements senior managers were prepared to dismiss or demote non-performing staff, and took the decision to implement ‘no work, no pay’ (although following through on this has been inconsistent).

Other agencies have also demonstrated senior level commitment. One counterpart said they jointly developed, with the adviser, an options paper setting out their work plan for approval by senior management, and they are now implementing it. In another agency, senior management stopped the overpayment of allowances once it was brought to their attention.

A variety of factors have helped the sample agencies realise that they need to change. They may come from external sources such as the PSR agenda, the Chief Secretary requiring corporate plans,³⁰ a new Secretary or other senior appointment, a project coming to an end (as with NACS), or adverse external reports (as in DoW). Or they may be internally driven, although there is usually some catalyst for change. In one case the need for advisory support was identified by the Secretary, following discussions with AusAID officers over a period of several months that helped to prompt and clarify his thinking.

The **skills and personal qualities of counterparts** are important. Several advisers commented that their counterparts were well skilled and experienced in their technical areas, but lacked confidence or did not know how to proceed to bring about changes. It would appear that commitment and motivation on the part of the counterparts are equally or even more important to success than just having the technical skills. Examples were given where counterparts who did not have the technical background nevertheless succeeded because of their high level of commitment and willingness to learn.

6.2 *Good skills, personal qualities and approach of advisers*

The skills, knowledge, approach and personal qualities of the adviser are critical to the success of the placement. ASFII is well aware of this and its recruitment processes select advisers with an appropriate mix of attributes. Further, as noted earlier, its policy to recruit more advisers with little or no previous development experience has been successful. Four

³⁰ The team was informed that the Chief Secretary told all agencies that they needed to prepare a corporate plan or else their budget would be cut.

such advisers were included in the sample³¹. ASF's policy of encouraging more women to apply has also had a good result. The female advisers in the sample were highly regarded and successful, and several specific comments about them acting as role models for female staff were made, by both women and men. Their work appears to have been a contributing factor to the promotion of some female staff.³²

There are two broad factors that contribute to adviser success, evident from comments made at interviews with counterparts and advisers and from adviser reports:

- The way they work, such as incorporating capacity building and change management principles, and using a variety of tools and techniques
- Their personal qualities.

6.2.1 *The advisers' approach – the way they work*

Capacity building is a combination of knowledge and skills in applying organisational development theory, coaching and mentoring, change management, process consulting, adult learning principles, motivation theory, teambuilding, facilitation skills and workplace training. The interviews and reports demonstrate that the most successful advisers incorporate **change management and capacity building principles** into their work, as shown in Box 9 below. The examples come from interviews with advisers (A) and counterparts (C).

Box 9: Change management and capacity building principles used by advisers	
Principle	Examples of its use
<p>Promoting ownership: Ensure that counterparts set the agenda and decide on priorities</p>	<ul style="list-style-type: none"> • A collaborative approach to problem/issue/opportunity identification was taken. Therefore, the deliverables were what the Department wanted – not what I wanted (A) • Plan your work around what counterparts want to achieve, especially the senior management, as they won't want to work on areas that are not their priority (A) • We knew what we wanted to do, but did not know how to do it – the adviser helped us with implementing the changes (C)
<p>Senior management commitment: Regularly communicate with senior management and actively ensure their commitment</p>	<ul style="list-style-type: none"> • Ask for support from Secretary when implementing new policies (A) • Get commitment from senior management by involving them in decision making (A) • The adviser always kept the Secretary informed on issues (C) • The Secretary has regular meetings with advisers to remain updated on their activities (C)
<p>Collaboration and partnership: Involve stakeholders in the work and promote collaborative and consultative approaches</p>	<ul style="list-style-type: none"> • The adviser encouraged staff to participate in decision making (C) • The adviser involved all the managers in developing the corporate plan, unlike the previous plan when only the senior managers were involved (C) • At every opportunity I encourage the department to involve others in its work, both internal staff and external stakeholders (A) • An inclusive approach to system/process improvement was taken. Those that had to work with the system were always involved in working through options (A)

³¹ Two of the less experienced advisers have completed their placements and were regarded as very successful. The other two are still currently working.

³² Some of the male advisers have also actively encouraged female staff.

Box 9: Change management and capacity building principles used by advisers	
Principle	Examples of its use
<p>Motivation: Encourage and motivate counterparts, and help them build on achievements</p>	<ul style="list-style-type: none"> • The adviser always acknowledged achievements that boosted the morale of the staff (C) • Always celebrate achievements, no matter how big or small (A) • Discover the strengths in the counterparts and work on them (A) • Challenge people to do the best with what they have (A) • Constantly recognise, appreciate and encourage good and positive behaviours and progress (A) • Focus on the positives, e.g. instead of criticising an existing corporate plan, ask instead how can we improve it (A) • Recognise that people usually know what to do, they just need encouragement (A) • There needs to be a payoff for the counterparts – what’s in it for them? If they have never been held to account, why would they do things differently? (A) • Make staff aware of the benefits of learning new skills and knowledge and how this can be translated to promotion and professional career development (A)
<p>Facilitation: Act as facilitators, not technical problem-solvers</p>	<ul style="list-style-type: none"> • I tell counterparts – don’t look to me to develop your systems. It is your system, I can discuss things with you but you are the experts on problem-solving (A) • The adviser encouraged me to take full responsibility for the division and only provided guidance and advice (C)

Advisers use a variety of **capacity building tools and techniques** including:

- Focusing on priorities, for example by targeting high impact areas, such as the decision to upgrade the server for the Lands and Geographic Information System (as the potential loss of revenue was enormous), or to address travel claims (as the level of expenditure was high). Another strategy is to ensure that the Secretary’s needs were addressed, for example in producing regular financial reports
- Getting some ‘quick wins’ to demonstrate success and build commitment to change, including getting new equipment to improve the work environment
- Using teambuilding approaches and techniques that actively encourage teamwork within the work unit
- Encouraging staff to ‘see everything as a project’, and plan what they need to do in terms of resources, skilling, staffing, task allocation, and weekly meetings
- Encouraging greater use of internal and local external resources, as shown in the examples in section 5.2.5 above
- Ensuring that learning is work-based and relevant. One adviser commented on the importance of a mix of off- and on-job learning, while other advisers mentioned opportunistic learning that arose because they were sitting in the workplace with their counterparts.

6.2.2 Personal qualities of the adviser

Counterparts made few comments regarding the qualifications or knowledge of the advisers. This is perhaps to be expected, as advisers are not appointed unless they have the required technical skills. In contrast, counterparts did comment on advisers’ attitudes and personal qualities, in particular their ability to establish relationships and act as role models.

Comments made by counterparts on the characteristics of a good adviser include:

- Having an open-door policy; always making themselves available; encouraging open communication whenever there were problems; openly sharing views
- Good listening and communication skills
- Understanding the team's different cultural background; learning the strengths and weaknesses of the counterparts
- Developing an understanding with counterparts by creating good relationships personally, socially and professionally
- Understanding the kinds of situations their counterparts were in, both professionally and personally
- Having an open personality and greeting people at all levels.

The advisers also saw the importance of relationship building. Their observations include the need to:

- Form a close working relationship and be professional and honest with your counterpart group
- Take time to establish rapport, develop positive and respectful relationships and build a sense of team
- Have genuine respect for counterparts and agency colleagues
- Push and challenge counterparts, but only once you have gained their respect and trust
- Make a genuine attempt to learn from counterparts and colleagues.

Some counterparts commented that the adviser was a good role model, setting good examples, acting on their words, and showing through their actions that 'you are never too old to learn'. As noted, they particularly commented on women advisers as role models. The advisers also commented on the importance of modelling positive behaviours.

Other personal qualities that the counterparts noticed in their advisers included empathy, calmness and patience, humbleness, being prepared to go above and beyond what was required, and waiting for the counterparts to speak before responding. A few counterparts commented that advisers were straightforward, prepared to speak their mind and debate issues, and they welcomed this. Only two suggested that the adviser might have been a bit too blunt at times, with one adding that 'if advisers are critical they should also be constructive and help us be focused and positive'.

The advisers listed a number of qualities that they found were helpful – sometimes in the lessons learned section of their reports. They included patience, humour, acting professionally, being tolerant and flexible, accepting the situation and remaining positive. One adviser mentioned the importance of having a genuine commitment to working in partnership and supporting their counterparts, and summed it up as 'my success is your success'. Some noted the importance of keeping out of office politics and remaining neutral.

6.3 Good design, governance and operations of the Facility

The third set of features that emerge as important concern the original design, governance arrangements and operations of the Facility itself. The following features appear to have contributed.

Strategic direction and management

- A knowledgeable and respected Board, who can provide valuable insight on requests or seek further information, and who can as necessary challenge the requests and suggest alternatives. At least two sample placements did not start until after a strategic management adviser had first been appointed to help the agency develop its direction and better identify where support was needed
- A contestable approach; the Board does not automatically approve all requests which thus helps ensure agency commitment to change
- Clear linkage of the Facility's objectives to the GoPNG's objectives so that the major purpose of the placements is to further the government's own agenda
- A focus of working within and strengthening existing GoPNG systems and processes, recognising that the systems are generally good but are not always followed.

ASF management and support

- A commitment to working in partnership with agencies, with their priorities and their systems. One senior manager commented that 'ASF are really serious about seeing we are getting what we want'
- An equally strong commitment to capacity building
- High-quality staff in ASF who can help to develop appropriate terms of reference for the placement and who can provide professional support to the advisers, from induction to ongoing management, during the placement. This includes a reporting system that is not too onerous on advisers³³
- Professional recruitment support that is effective in attracting high-quality advisers
- Very effective and highly valued logistical support to the advisers so that they can fully concentrate on their advisory work.

Features of the placements

- Long-term support, both through a program of successive placements such as at DoW, and through extension of placements
- A team approach with at least two advisers working in the same agency. They can model the behaviour of cross-divisional teamwork and support their work unit or division in providing services to other work units, as well as providing extra resources and support for agency-wide activities such as corporate planning
- Progressive engagement, typically starting with single advisers working at senior levels who can act as a sounding board, mentor or coach to top management, and who can help build their commitment to change. This has then led to the placement of a team of advisers

³³ Only one adviser in the sample commented adversely on the burden of reporting.

- A degree of flexibility in the placements, including long-term, short-term and periodic support, and the ability to switch between different types of support for the same placement.

6.4 Lessons and opportunities for improvement

All but one of the placements in the sample can be regarded as successful in terms of capacity building. The one exception was an adviser who made little progress in significant parts of the terms of reference and who exhibited personal qualities that raised doubts over the commitment to capacity building of counterparts. It is difficult to draw specific lessons from this one placement. Some lessons can be drawn from the other placements, particularly where they may have had problems in terms of progress made or (likely) sustainability of results. This analysis draws on a variety of sources including sections in advisers' reports on lessons and changes for the future.

6.4.1 Agency commitment

Some placements were affected by a lack of serious commitment to change on the part of counterparts, particularly in not being prepared to take hard decisions. For example, managers in two agencies decided not to implement the 'no work no pay' rule or other changes to correct pay and allowances, because they were concerned it might cause hardship to staff. At least one agency is still not prepared to fully implement tighter financial management controls. In other agencies there are similar agendas that prevent advisers from assisting to bring in changes, even when there is a stated commitment to change.

The lack of commitment of counterparts is of particular concern. Two advisers worked with counterparts (particularly middle level managers) who were technically good but not committed to their work or to working with the adviser. There are various reasons for this:

- Senior management know that change is required but have not succeeded in persuading the staff, particularly those most directly affected
- If counterparts are expected to work with an adviser who, in their view, has been imposed on them, there can be resentment, apathy, or absence from meetings or from work
- The counterpart may lack management skills and be unable or unwilling to develop them
- There may be a lack of clarity about expectations, particularly if counterparts have past experience working with technical consultants (not capacity development advisers).

Other problems may include:

- Counterparts who appear to show a degree of enthusiasm, but then do not follow through on agreed actions
- Counterparts who are in acting positions and are not very motivated to become involved or to make decisions. Advisers noted the positive change in attitude and commitment when an acting counterpart was confirmed in the position
- Staff who are frustrated and lose motivation if they see that nothing is done with the poor performers or absent (or even dishonest) workers, because senior managers are not prepared to take tough decisions
- Using cultural differences as a reason for not wanting to make changes. Clearly advisers need to be aware of real cultural differences, but sometimes they become a convenient excuse for maintaining the status quo

- Counterparts who, for whatever reason, do not trust the adviser. One example concerned a counterpart who believed that the adviser had influenced senior management over the counterpart's transfer to a new position.

Such problems can be reduced by ensuring that there is real commitment to change at all levels. At a minimum, senior management needs to have a strategy to help build the commitment. The strategy could be developed with advisory support, if necessary, and is an advantage of a progressive engagement approach.

Another way to help build commitment is to involve the key counterpart in adviser recruitment. The process was considerably strengthened when the agency representative was included as chair of the selection panel. Some agencies, but not all, have delegated this responsibility to the key counterpart. Where a more senior manager chairs the recruitment panel, thought might be given as to how best to involve the key counterpart, for example by having two people from the agency to participate in the recruitment process.

6.4.2 *Adviser characteristics*

The counterparts that the team interviewed were highly complimentary about current and past advisers. Generally, the evaluation found overwhelming support and appreciation of the advisers and a very positive response to their way of working with counterparts. Recognising the vested interests counterparts may have in reporting positively, it is difficult to assess how objective the information is, and to identify where there may be shortcomings. No counterparts raised any issues of concern in the evaluation interviews. It is clear, though, that success is dependent upon an adviser's 'soft skills' and ability to build effective relationships.

One adviser-related factor that contributed to a less than successful placement in the sample concerned a personality clash within a team of advisers. Serious personality clashes between advisers can lead to negative outcomes for a placement. While this is a difficult risk to assess and mitigate, ASF management have taken measures in their recruitment process to try to minimise the likelihood of adviser clashes.

There is evidence that a few of the less experienced advisers initially may have lacked the approach or skills to build the capacity of their counterparts and more experienced advisers have informally mentored and assisted them. This is a benefit of adviser teams and of the large ASF adviser network. ASF provides increased levels of support and monitoring in the first few months of a new placement. In future, this support may need to be increased further, particularly if the future standard placement is for two years rather than one, and if there is an increase in the number of less experienced professionals.

6.4.3 *Facility management resources*

Three ASF positions (Director, Deputy Director and Senior Program Coordinator) have specific responsibility for the professional supervision and performance management of advisers. The Facility has grown in adviser numbers beyond that projected in the original project design document and this has inevitably placed increased pressure on the ASF management team. On average they are each responsible for the performance monitoring of between 15 and 20 placements. Recent AusAID-funded facilities would indicate that a more reasonable workload would be between 10 and 12 advisers each.

The collation, review and feedback of adviser reports are intensive monitoring activities, and while ASF works to improve the quality of adviser reports, the quality of the reports from the sample advisers was variable. Some reports were good and informative but others had weaknesses; for example they:

- Repeat information from previous reports with only minor revisions
- Focus primarily on the problems, even in the section of the report where they are asked to list achievements
- Report what the adviser has done, then give reasons why the counterpart has not followed through and implemented the adviser's work
- Provide no specific content in the capacity building section of the report but instead give broad information such as 'providing advice', or 'group team building'
- Demonstrate a lack of understanding of the PSR objectives and how they apply to the work unit the adviser is working in
- Report their own activities, such as running workshops, rather than reporting on outcomes for the counterparts.

ASF management are aware of the poor quality of some of the advisers' reports and explained that they did not have the time or resources to work with advisers to improve the reports to the extent that they would like. The significant increase in the number of placements without a corresponding increase in staffing has meant that ASF management needs to give priority to more serious problems and issues. Anecdotal evidence suggested that management did not have as much time as in previous years for more general discussions with advisers on their progress. Consequently they might be missing opportunities to pick up potential issues before they became serious. Additional management team support, both during the extension and for the new program of support, is clearly needed.

The understanding of capacity development has evolved in recent years. It is now generally accepted that development assistance programs should provide professional support to advisers to improve their ability to effectively develop capacity, particularly as advisers are still recruited because of their technical skills and experience. Many new programs have a management team position that works directly with advisers and counterparts in capacity development related areas. ASF does not have a dedicated position despite the large number of advisers it supports.³⁴ A future program should consider including such a specialist capacity development position.

In the sample, there were examples of informal contacts and support between advisers from different agencies who work in the same discipline. The self-directed informal functional networks established by ASF appear to operate infrequently, and are dependent upon individual advisers' commitment. More generally there appears to be a lack of opportunity or initiative for sharing experiences and successes. One adviser believed (wrongly) that they could not access relevant manuals prepared by advisers in other agencies. A few advisers mentioned they would like ASF to provide a database of such information. How best to provide professional support to advisers is another area for consideration of a future program.

³⁴ The ASF MC had requested a capacity building specialist in 2004, but AusAID turned down the request.

There should be an opportunity for a future program to take a more proactive approach to empower GoPNG women. ASF's strategy to encourage more female advisers has made good progress and the comments from counterparts about their effectiveness as role models for female staff indicate that this strategy is important, yet more can be done. Given the emphasis that AusAID places on empowering women, as evidenced by the recently released *Gender equality in Australia's aid program – why and how*, a future program should include a strategy to support GoPNG women.

As noted earlier, the original ASF II design limited the length of placements to one year with the opportunity to extend to a second year, subject to need and the performance of the adviser. However, several advisers and counterparts stated that one year is just not long enough to establish a good working relationship, bring in changes, and embed them to become a habit. In practice, several advisers were extended to a second and even a third year, which is the case with the majority of the 15 placements in the sample.

The appointment for only a year in the first instance has been an issue for some advisers, particularly as the contract end date approaches. Uncertainty about an extension can lead to a lack of focus in the latter part of the year as advisers become increasingly concerned about their future.

The needs of the agency, the increased recognition that capacity building takes a long time, and the problems caused for advisers appointed for a year all mean that it makes more sense for placements to last at least two years. Indeed, there is an argument for *placements* to last for three, four or even five years, although appointments of *individual advisers* should be for two years with the option to extend for a third year (subject to need and performance). The risk that arises with longer term appointments, of having a less than satisfactory adviser for two years rather than one year, can be addressed by more closely monitoring their performance for the first three to six months, and being prepared to end the contract early if necessary³⁵.

6.4.4 Opportunities to further improve monitoring and managing for results

There is a lack of agency information for the effective monitoring and evaluation of placement results. Until recently, a number of factors have contributed to this, including the absence of a GoPNG monitoring and evaluation framework for the PSR agenda, the general lack of a performance monitoring 'mindset' in the public sector and a consequent lack of baseline data. Recent developments in GoPNG, outlined in the next section, suggest that GoPNG is becoming more aware of the importance of monitoring for performance improvement and is taking steps to develop monitoring approaches.

The situation reports that advisers produce at the start of their placement are good and provide useful baseline data, although the reports could be better balanced to include more information on strengths and not just weaknesses. Involving the counterparts in developing the situation report would promote their understanding of the issues. The one example in the sample where the adviser involved the counterparts was appreciated by them and led to increased ownership, commitment and agreement on the agenda for change.

³⁵ ASF has ended adviser contracts early when necessary. Anecdotal evidence (and comments made when discussing two-year placements) suggest that some MCs take the easy way out and let the adviser work for the period of the contract rather than handling issues of poor performance. Such behaviour adversely impacts on aid effectiveness and also sets a bad example for partner governments.

There is an opportunity for a future program to strengthen monitoring and managing for results, and at the same time work in partnership and be better aligned with GoPNG systems. Future monitoring systems should be designed to focus on the activities, progress and achievements of the work unit – section, branch, division or agency – rather than primarily on the adviser’s work. The recent focus on encouraging ownership by counterparts is good. However, increased ownership implies increased responsibility for results, which means recognising that both the advisers and the counterparts, working together, are responsible for the achievements.

In time, adviser monthly and six-monthly reports might become joint reports, for the following reasons:

- It should increase transparency and trust between the adviser and the counterparts
- It encourages the counterparts to assess progress and realise where things are going well or not so well, which in turn can help generate ownership and responsibility
- Recording the achievements is an effective way of acknowledging them and reminding people of just what has been done, which is a motivator for further change
- Reporting on progress against the PSR objectives can encourage counterparts (and advisers) to better understand the objectives and how they apply to their work unit
- Assessing progress in capacity building is an opportunity to reflect on what people have learned, which is an important means of reinforcing the learning
- Counterparts can provide information on the outputs, to overcome the problem with current reports of only reporting advisers’ activities.

As reliable agency data is scarce, another way to further develop monitoring and evaluation is to encourage advisers and counterparts to undertake activity-specific baseline assessments before implementing a particular change, so they can measure and quantify the effects of their interventions. This might apply to financial management, for example. Some advisers in the sample provided examples of ways that they had helped reduce costs but were not able to give an accurate figure as the agency did not have information on costs before they started to make improvements. Again, quantifiable results can help motivate staff and encourage them to look for further efficiencies.

6.4.5 Opportunities to develop the local and regional consultancy market

ASF has actively sought to recruit national advisers and has had some success, but there is only a limited pool of suitable people. Anecdotal evidence suggests that other managing contractors, trying to increase their number of national consultants, are chasing after the same small pool of people and ‘poaching’ them with offers of higher salaries. Although, in theory, the increased demand should create its own supply, in practice this is not so easy in PNG. Developing a robust local and regional consultancy market is a form of sector capacity building, and one that has the added benefit of helping to promote sustainable and self-generating change – building the capacity to further build capacity.

ASF management has discussed options to develop local advisers and has proposed ideas to do so, but to date nothing has happened. The design of the new program could include a specific requirement to develop a local and regional consultancy market. The advisers would be available to work in the new program and would also be available to work on other AusAID-funded and other donor funded initiatives, as well as the private sector.

The strategy would need to be developed and might include:

- Providing an additional ‘apprentice’ position in a team of advisers
- Recruiting a less experienced full-time local adviser who would work with and be mentored by a part-time or periodic international adviser³⁶
- ‘Talent spotting’, for example among recently retired public servants, and helping develop their advisory skills prior to a placement
- Holding consulting skills training courses, similar to those offered in Australia.

Given the understandable concerns that encouraging a local market could result in the loss of competent public servants, innovative approaches should be carefully assessed. One option might be for GoPNG to allow public servants to take leave of absence to work as advisers, on condition that they return to the public service for at least the same period as their absence. The leave of absence, which has parallels with GoA programs such as ECP, should be seen as part of a person’s career development and an alternative to overseas study.

³⁶ Such a model was proposed when ASF had difficulty recruiting a full-time international adviser, but did not eventuate.

7 Conclusions and recommendations for the next program of support

This section first draws together the analysis and findings in the previous sections into a summary of the evaluation of ASFII. It then turns to the future and briefly considers developments in GoPNG and GoA that may influence the design of a future program of support when ASFII ends in March 2009. The section then presents recommendations for a future program.

7.1 Summary of conclusions from the evaluation

The key findings from the evaluation, relating first to the assessment of the design and secondly to the outcomes, are as follows:

Design features and implementation

- The original **design of ASFII** has proved to be very appropriate in terms of promoting GoPNG ownership and alignment with GoPNG objectives, and in terms of meeting the real needs of GoPNG. It is flexible, able to handle a variety of situations raised by either GoPNG or GoA
- The design has been modified to take into account the evolving understanding of capacity building
- The increased **strategic focus** of ASFII (compared with ASFI) means that there has been a ‘critical mass’ of support in key agencies, and opportunities to build on and consolidate changes through teams of advisers and sequential assistance
- The use of a strategic plan has ensured that assistance provided is in line with GoPNG priorities
- The **membership and operation of the FMG** is regarded as being very effective and results in a strong sense of ownership by GoPNG
- The FMG, however, has not made use of two specific design features, namely taking a more proactive approach to encourage submissions from agencies that could benefit from assistance, and allowing an ‘open’ category for worthwhile submissions that fall outside the strategic priorities
- The accountability of the FMG could be strengthened through a reporting linkage to a higher level committee. Rather than create a new committee, an existing committee should be used, such as CACC
- The initial expectation that placements would last for one year with an option to extend to a second year has become instead, on average, placements of two years with an option for a third year. This development is welcomed and recognises that capacity building takes a long time. There is still a need for short term and periodic placements in certain circumstances
- There are very good processes for **scoping placements and recruiting advisers** as they ensure agency ownership and commitment, as well as resulting in high quality advisers. ASFII has made good progress in attracting ‘new players’ and women, and has also had some success in using local and regional advisers, though constrained by the limited availability of such people
- The budget for ASF has almost doubled, increasing from a projected five-year budget of \$35 million to over \$64 million, which is a good indication of its success and the demand for support

- The **ASF management team** is highly regarded by GoPNG officials and advisers. However, the size of the team has not increased sufficiently in line with the increase in budget and number of advisers.

Outcomes

- The ASF model of advisory support is regarded as effective, leading to progress being made on the PSR agenda and capacity building at individual, group and agency levels
- The focus on providing support to **corporate services functions** has been a strength, both across and within agencies. Finance advisers, for example, from different agencies can network with each other, although there are opportunities to strengthen the networks
- Within agencies, providing a **team of advisers in corporate services** also works well as they can model teamwork, support each other, and contribute to agency capacity building. Self-managed teams are effective, and are more cost-effective than having a team leader
- There are opportunities to strengthen **monitoring and evaluation processes**, to link them more closely to GoPNG systems
- There is a need to proactively **develop a local and regional consultancy market** and a new program would be well placed to take prime responsibility for this
- There are also opportunities for a new program to more proactively **empower women in GoPNG** and in PNG more generally.

7.2 Developments in GoPNG

In the four years since ASFII started there has been a period of relative stability and consolidation within GoPNG, as evidenced by the fact that the PSR Strategy has continued to be the key document for setting ASF's priorities. There is unlikely to be any significant changes within GoPNG. The *Review of the Public Sector Reform Programme June 2007* report to the Chief Secretary found very mixed progress to date with only a few agencies having a good understanding of, and commitment to, public sector reform. The report advocates continuing with public sector reform and recommends changes to strengthen the processes and make reform more achievable.³⁷

There is a growing realisation of the need for better monitoring and evaluation, both of government-wide reforms and within departments and agencies. To this end the Department of PM & NEC is developing a Whole of Government Performance Planning & Monitoring Framework (PPMF) based on the Government's Agenda for Recovery and Development. The CACC has approved the broad framework, although it remains a work in progress, and will be responsible for monitoring whole of government performance. The four key focus areas, lead agencies and examples of strategies and policies are set out in Table 7.

³⁷ The PSR review also found there was 'significant support' for the work of ASF advisers. It is of interest to note that three of the better performing agencies (Departments of Treasury, Works and Lands) have all had ASF sample advisers.

Table 7 – GoPNG Whole of Government Performance Planning & Monitoring Framework

Key objective	Lead agency	Strategies & policies (examples only)
1. Governance	Department of PM & NEC	<ul style="list-style-type: none"> • <i>PSR Strategic Plan</i> • <i>National Anti-corruption Plan (draft)</i>
2. Economic growth	Department of Treasury	<ul style="list-style-type: none"> • <i>Budget Strategy</i> • <i>Medium-term Fiscal Strategy</i> • <i>Medium-term Debt Strategy</i>
3. Development	Department of National Planning & Monitoring	<ul style="list-style-type: none"> • <i>MTDS</i> • <i>Sector Strategies</i>
4. International relations and security	Department of PM & NEC, Dept of Foreign Affairs & Trade	<ul style="list-style-type: none"> • <i>Pacific Plan</i> • <i>Defence White Paper</i>

The PPMF addresses implementation and monitoring of existing policies and programs to improve understanding of whole of government strategies and priorities, clarify the respective roles of agencies, improve coordination, and clarify what agencies are accountable for implementing and reporting. It also ensures stronger links between policy-making, budgeting, implementation and monitoring.

There is growing concern within PNG over the levels of service delivery and the fact that, despite all the initiatives over the years, key social and economic indicators have not improved. GoPNG officials and others are now questioning the continuing focus on Waigani rather than the provinces. This has implications for a future program as the priorities might explicitly include service delivery. In turn, there may be a demand for technical advisers as well as, or instead of, corporate service advisers. There is likely to be an increased focus on implementation that leads to improved service delivery.

7.3 Developments in GoA

Future developments will be guided by *The Papua New Guinea-Australia Development Cooperation Strategy 2006–2010 (DCS)*. The strategy is aligned with GoPNG’s *Medium-Term Development Strategy 2005–2010*. It provides the strategy for Australia’s aid program to PNG with a specific focus on four core areas: improved governance and nation building; sustainable broad-based economic growth and increased productivity; improved service delivery and stability; and a strengthened, coordinated and effective response to the HIV/AIDS epidemic.

Taking account of the themes within the DCS, ASFII supports advisory placements that contribute specifically to better governance, and a coordinated, more effective response to the HIV/AIDS epidemic. The management of ASFII reflects the concepts of partnership, PNG ownership and capacity building as outlined in the DCS, as well as picking up on the themes of whole of government engagement and aid effectiveness.

In 2007, the Australian Government launched its new *Gender Equality in Australia’s Aid Program* policy. The policy emphasises the importance of gender equality to growth, governance, stability, and social progress. The policy means that gender equality is a consideration that will apply across all aspects of the Australian government’s overseas aid policies, programs and initiatives. It provides guidance on how AusAID will implement and monitor this commitment throughout its country program; this will include mainstreaming

gender equality considerations into sectoral strategies, new program designs, individual activities, as well as workplans and M&E frameworks.

7.4 Future demand for support

Demand for a future program will be tested during the feasibility and design process for the new program. However it seems likely that there will be a demand. As noted, the review of the PSR program found that there is an ongoing need for public sector improvements. Although the ASF evaluation suggests that good progress has been made in the agencies in which ASF advisers have worked, there is opportunity for further improvements, both in those agencies and in the agencies that have not had any advisory support. Further, government stakeholders are highly complimentary of the advisers and consider the ASF model effective, particularly when compared with project-type assistance.

7.5 Recommendations for a future program of support

The evaluation recommends that a future program should incorporate the successful features of ASFII and take advantage of opportunities for further improvements. Specific recommendations are given below.

7.5.1 Length, scope and type of support

There should be a commitment to provide **long-term support**. First, consideration should be given to establishing a ten-year program, to increase certainty of funding and to explicitly acknowledge that capacity building takes time. Secondly, agencies that are successful in their requests for assistance should be provided with long-term support. Typically, support should be for at least five years, with flexibility to change the nature of the support over the period. Advisers would be recruited for a minimum of two years with a clear understanding that, subject to the agency's need and their performance, there may be an extension for a further year. If there is still a need for full-time support after three years, then new advisers should be recruited, preferably with a handover period.

The **scope and type of support** of a future program might cover some or all of the following:

- Strengthen functional networks and linkages across government, which could be done by providing support simultaneously in a central agency and in the equivalent functions in the line agencies.³⁸ This 'octopus' model could apply to financial management and also to personnel management, particularly as and when the Department of Personnel Management devolves responsibility for certain functions to line agencies.
- Operate in conjunction with other initiatives including sector-based programs, ECP and SNS placements and other AusAID (or other donor) funded activities. For example the new program could provide corporate service support to complement the technical support provided by other programs. As corporate service functions are similar across government agencies, the advisers can network with each other and share their experiences, successes and lessons (as currently happens in NACS).
- Continue to have a degree of flexibility for requests that cannot be met through any other program. This might involve re-establishing the 'open' category and actively managing it to ensure it is used. Criteria developed in the original design and later modified by the FMG can be revisited.

³⁸ This is working successfully in an AusAID-funded project in East Timor, where some advisers work in the Budget Office and the (centralised) Procurement Office of the Ministry of Finance and others work in the Finance and Administration work units of the highest spending line agencies.

- Widen the support, to pick up more technical areas. There were comments from counterparts and advisers that support to the corporate functions of agencies was good, but could lead to an imbalance in agency performance if the technical functions were not developed in the same way.

7.5.2 Strategic direction and management

The principle of **aligning the Facility's objectives with GoPNG objectives** should continue. The process to revise and update the Facility's objectives might be changed to one of minor annual reviews and a major review when there is a significant change in GoPNG strategies.

The Facility should continue to be primarily demand-driven, although consideration should be given to taking a more **proactive approach to reviewing and actioning the strategic priorities**, as envisaged in the original design of ASFII, should be strengthened. This would enable the Board to consider public sector-wide capacity building. Specifically, the Board should be provided with information such as an analysis of funding and/or adviser months provided to different agencies, as in the table in Annex 3. The Board can then consider the appropriateness of the distribution and whether there is a need to encourage submissions from particular agencies.

The contestable approach should continue in order to test the commitment of the agency to implementing change and to provide a means of assessing value for money. It may be necessary to develop criteria for selecting between 'qualifying' submissions if demand exceeds the budget. Alternatively (or as well), additional funding could be sought from other donors or from GoPNG. This would help to develop a harmonised approach across the sector.

Given the success of the existing ASF Board, which is knowledgeable, respected and able to challenge requests and suggest changes, a similar **management board** should be established for the new Facility, again with majority GoPNG and minority AusAID membership. Consideration should be given to expanding the membership to include a representative from DPLGA, in the expectation that a future program will need to increase its support to strengthen service delivery. The Managing Contractor should provide the secretariat but should not be a Board member.

To improve its accountability the Board should formally report to a higher-level board, but there is currently no committee within GoPNG to take this role. A broad oversight committee might be established in the future to oversee progress on public sector reform, in which case it might be appropriate for the FMG to report to such a committee. An option might be for the FMG chair to make an annual or six-monthly presentation to the Central Agencies Coordinating Committee on the strategic directions so that there is a linkage to a higher-level body.

Consideration should be given to **devolved decision-making** on advisory support. After initial Board approval for long-term assistance to an agency, the agency might take responsibility for deciding the mix and timing of advisory support within an overall approved budget of adviser months.

7.5.3 Placements

The current processes surrounding the identification, scoping and approval of placements appear to work well. The use of **progressive engagement**, starting with a senior/strategic management adviser, has been successful in the sample placements. The Board should continue to promote this approach, for example as a first step to encourage agencies to seek assistance.

Strategic management advisers can undertake an organisational capacity building role, helping senior management clarify their needs and priorities for change and helping them develop processes for implementing the changes and monitoring progress. There may be opportunities for such a position to also work with middle level managers to start to build their commitment to change. This would involve identifying and understanding any issues of resistance, including any concerns that senior management is imposing advisers on them.

The model of **adviser teams** appears to work well, particularly within corporate services where an adviser in each of the corporate functions can provide specific technical assistance, and the team together can model teamwork and interdependencies between the functions. The advisers can support and mentor each other and address divisional or agency-wide issues of capacity building.

There should be no need for a designated team leader, assuming that a future program can continue to recruit high quality advisers. It is more cost-effective for the monitoring and management functions to be done by Facility management. This does mean, however, that there needs to be sufficient Facility management staffing for monitoring and coordination.

There are opportunities to increase the **flexibility of support**, particularly when combined with the commitment of long-term support to a specific agency. An example of how the support might change over the years is given in the box below.

Box 10: Flexibility of advisory support

It is likely that advisers will work full-time in the placement for the first two years at least. After that there could be ongoing support to help embed the changes and ensure they become a habit. The form of the support might vary. For example:

- The strategic management adviser might become a part-time coach and sounding board for the senior management team and might work across a number of agencies. This would be the equivalent of an executive coach based in Port Moresby
- Short-term assistance for annual activities such as updating the corporate plan, developing annual plans and developing budgets may be needed. As these are done at the same time each year and thus there might be a peak in demand for advisers, it would make sense to develop local resources as much as possible. Some agencies are already using local facilitators for updating their corporate plans, and this could be more actively encouraged
- Periodic input could be provided that could be regarded as the agency equivalent of a 'personal trainer' or 'team coach' – to encourage and motivate people, and remind them of the gains they have already made. Such periodic input, which might be provided by the original long-term adviser, should reduce over time.

The existing methods to ensure flexibility in the placement, for example, allowing terms of reference to be finalised after the adviser has started, should continue. In order to reinforce ownership and commitment to agency objectives, the terms of reference should explicitly reflect the work unit's action plan and priorities. They should include assisting with any new initiatives that the agency/work unit needs to implement, and should recognise that at times

there may be a need for additional short- or medium-term advisory resources. The implementation of the Integrated Financial Management System (IFMS), the upgrade or replacement of IT equipment, devolution of responsibility from the Department of Personnel Management, and development of a new sector strategy might be examples of such initiatives that need extra support.

7.5.4 Advisers

A strength of ASFII is the quality of advisers recruited, which is based on factors that should continue into a future program and includes the use of professional recruitment practices, a focus on capacity building skills and capabilities, a recruitment manager based in Port Moresby, selection panels chaired by GoPNG officials and interviews in person that can last up to two and a half hours.

Opportunities to strengthen recruitment practices may include consideration of:

- Including a second agency representative on the panel, for example, the main counterpart if a more senior person is the chair, and /or a female representative from the agency or another appropriate GoPNG agency
- Further innovative ways of attracting a wider pool of candidates, such as including the salary range and allowances in recruitment advertising.

ASF has had good success in recruiting new advisers with limited previous developing country experience, and this should continue in any new program.

The focus of advisers on capacity building, working in partnership with counterparts and with existing GoPNG systems and processes, is a strength of the current program and is highly appreciated by counterparts. A new program should continue to emphasise the capacity building nature of the support, including clarifying expectations of counterparts if necessary, and clarifying and getting agreement on any ‘capacity adding’³⁹ activities.

Consideration should be given to ways to ensure that advisers have a primary focus to support and assist counterparts, rather than a need or expectation to undertake an agency ‘policing’ or audit function. If necessary, audits and reviews using existing GoPNG agencies should be undertaken before advisers start, particularly for financial management advisers.

7.5.5 Facility support

The **professional and logistical support** that ASF provides to both agencies and advisers is a key strength and should continue to be incorporated in any new program. A future program should:

- Determine the number of Facility management staff according to an agreed ratio. Based on similar recently-designed programs this might be one professional staff for 10 to 12 advisers
- Include, as one of the professional staff, a specialist capacity building adviser whose focus is to help develop the capacity building skills of advisers, recognising that even advisers with a natural talent in capacity building can benefit from skills development⁴⁰

³⁹ Capacity adding arises when the adviser needs to do some of the agency’s work, for example if they have certain technical expertise that is not present in the agency, or if there are urgent tasks and tight deadlines.

⁴⁰ Enabling talented people to become more consciously aware of their talents can help them improve their capacity building activities, including helping others become better capacity builders. In this way they are building the capacity to build capacity.

- Promote networking and learning between advisers and counterparts across government agencies to share experiences, successes and lessons
- Re-establish, maintain and promote a physical and virtual library of resource material, to include training and workshop programs, policies and procedures already developed, good lessons in capacity building, and resources within PNG (for example a database of local consultants and training providers), for use by advisers and counterparts
- Provide close professional supervision and support for new advisers for the first few months of the placement (and take timely action to terminate contracts, if necessary)
- Consider providing short-term specialist technical inputs to review the technical aspects of advisers' work, for example in financial management, human resource management or progress in tackling HIV/AIDS in the workplace (the fourth ASF strategic priority).

7.5.6 Improving sustainability

A future program should be more proactive in promoting **sustainability**. Some of the changes proposed in this report will help, including commitment to long-term support to provide enough time to embed the changes. Continuing to stress the importance of using and strengthening GoPNG's own systems will promote sustainability. Helping agencies to develop their own capacity building plans and succession plans will help them to identify what needs to be done to build sustainability.

Another way to promote sustainability is to encourage greater use of PNG/GoPNG resources and to promote professional networks. It involves creating a mindset, among both advisers and counterparts that recognises the strengths and potential that already exist and can be built on and expanded.

It is recommended that the new program be given specific responsibility for developing a local and regional consultancy market, as this will also contribute to sustainability for PNG as a whole, through reducing the dependency on international advisers. Some ideas for a strategy to develop the local market were outlined above in section 6.4.5.

7.5.7 Monitoring and evaluation

There are opportunities to further encourage a performance monitoring and management mindset in a future program. Actions would include:

- Using the GoPNG's own monitoring and evaluation framework at different levels, for government-wide initiatives and at agency and work unit levels. There may need to be some initial advisory support to help develop the framework and undertake any baseline studies
- Developing future situation reports jointly by the counterparts and the adviser, and including the strengths, not just the problems. This will promote ownership through more explicitly ensuring the agency identifies its priority issues. Placement completion reports should also be joint reports and should refer to the original situation report
- Preparing joint counterpart-adviser reports at intervals determined by GoPNG's reporting regime⁴¹ which focus on performance and achievements of the work unit as a whole, rather than the achievements of the adviser. Jointly reporting on achievements against GoPNG/agency objectives will help to improve the reports. Specifically they can help

⁴¹ ASFII requires monthly and six-monthly reports; GoPNG requires quarterly reports. A common timetable should be established to demonstrate alignment with GoPNG systems.

develop a better understanding of the PSR reform objectives, and the need to implement changes

- Encouraging advisers and counterparts to measure results wherever possible, including assessing capacity building improvements.

7.5.8 Empowering women as a key strategy for development

There are opportunities to promote more strategies that empower women in the Government of PNG. ASFII has increased the number of female advisers it employs, and the new program should continue to use strategies to attract more female applicants. The measures in place to support women to work in Port Moresby, such as the provision of a reliable vehicle and 24-hour security services should continue, particularly as they are important for any adviser. Any new program should go beyond this and work with appropriate GoPNG agencies to develop and implement strategies that support, encourage and empower women employees in government and help them to advance. The recruitment of a specialist gender adviser to work in AusAID in PNG is a welcome initiative that could assist with this process.

7.6 Summary of recommendations – a program for increased aid effectiveness

The above proposals for a future program can be summarised in terms of how they meet the five principles for aid effectiveness, as set out in the Paris Declaration and as applied to program level of support rather than country level.

Principle 1. Ownership – *Partner countries exercise effective leadership over their development policies and strategies and coordinate development actions*

There are several ways in which ownership has been promoted in ASFII that should continue into a new program, including a Facility board of management that has majority GoPNG membership, and demand-driven placements. In addition, continuation of the capacity building focus should lead to empowerment of counterparts.

It is recommended under the new program that the Board actively encourages submissions based on sector-wide assessment, to better meet the needs of PNG as a whole.

Principle 2. Alignment – *Donors base their overall support on partner countries' national development strategies, institutions and procedures*

It is recommended that the new program continues with key features of ASFII that promote alignment, including:

- Facility objectives aligned with GoPNG objectives
- Terms of reference and workplans developed according to agency needs and priorities
- Focus on strengthening existing GoPNG processes and systems, including financial management
- Focus on capacity building at all levels.

Principle 3. Harmonisation – *Donors' actions are more harmonised, transparent and collectively effective*

There has been harmonisation between ASFII and other GoA funded initiatives. There may be opportunities for wider donor harmonisation in economic and governance public sector support. For example, other donors might be invited to contribute funds to the new program, which would manage advisory support on their behalf.

Principle 4. Managing for results – *Managing resources and improving decision-making for results*

Advisers under ASFII have been successful in promoting greater use of existing PNG/GoPNG resources, and this should be encouraged in the new program. In particular it is important to stress the need to work with what already exists – recognise the strengths that already exist and build on them. It is recommended that under the new program, GoPNG/ agency performance assessment frameworks are used.

Principle 5. Mutual accountability – *Donors and partners are accountable for development results*

It is recommended that there should be joint reporting on achievements of the work unit to promote both accountability and ownership. This will also help promote a performance monitoring mindset.

7.7 Conclusion

In recent years it has become fashionable to criticise advisory support and to look for alternative forms of technical assistance. To some extent the criticism is justified, because advisers have been recruited for their technical knowledge rather than for their capacity building skills. Consequently the results, particularly in terms of sustainability, have been disappointing. There is concern that the aid is not effective and is thus a waste of taxpayers' money.

This evaluation of ASFII has found that it is too early to write off advisory support as a form of aid. Instead, it can be very effective, so long as certain conditions exist. They include, first and foremost, a genuine commitment to encouraging partner government ownership, met by an equally genuine commitment on the part of the partner government and individual agencies to take responsibility for change.

Secondly, professional recruitment practices, together with professional management and support, to attract and retain high quality advisers, are also necessary. Advisers need to be recruited who already have good skills in capacity building, or have the potential to develop such skills. Developing capacity building skills in counterparts is also important, as they will carry the responsibility for future sustainability of the assistance.

Finally, there needs to be acceptance, in both word and action, that capacity building takes many years – it is not a quick fix.

It is hoped that the good lessons and experiences from ASFII can be incorporated into future aid initiatives. They are not 'the answer' but they can contribute to improving the quality and effectiveness of assistance in the journey towards development.

Annex 1: Scope of services

1. Introduction and purpose

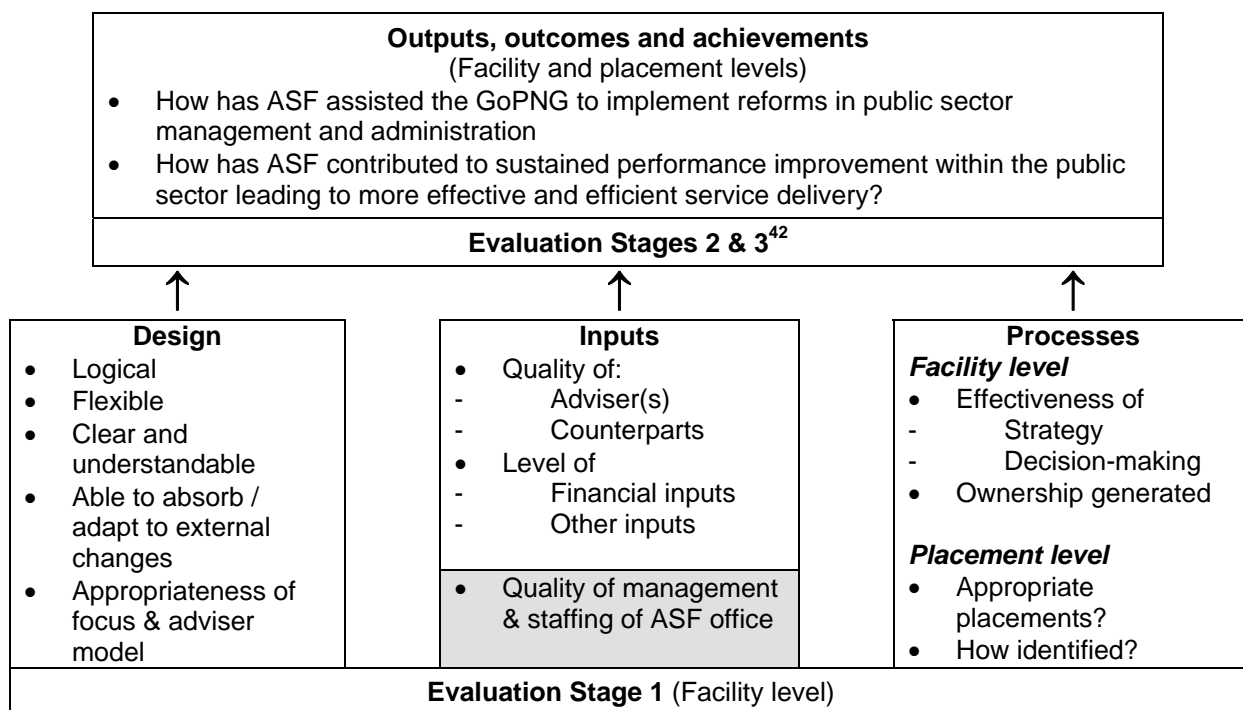
The second phase of the PNG Advisory Support Facility (ASFII) commenced in April 2003 and is due to finish in March 2008. Its goal is to support government agencies in PNG to develop and implement accountable policies, plans and systems and thereby contribute to enhanced service delivery.

The purpose of ASFII is to assist the GoPNG to implement reforms in public sector management and administration. This will be done through adviser placements that focus on capacity building of both individuals and organisations, with an emphasis on systems, policy, planning, accountability, management, administration and compliance. The intended outcome is sustained performance improvement within the public service leading to more effective and efficient service delivery.

As outlined in the ASFII Monitoring and Evaluation Framework (MEF) a Facility evaluation will be conducted during 2007, in three stages. The purpose of the evaluation is to review the design, governance arrangements and achievements of ASFII in order to inform discussions regarding future public sector support and to contribute to the Facility Completion Report due for submission in 2008.

2. Overview of the evaluation

A conceptual diagram of the Facility evaluation is shown below:



⁴² The original evaluation was designed in 3 stages, with the review of adviser placements to be undertaken in both stages 2 and 3. Instead, all adviser placements were reviewed in Stage 2; so the third stage became unnecessary.

3. Purpose and scope of the Facility Effectiveness Evaluation Stage 1

The purpose of this evaluation is to gain an understanding of the effectiveness and limitations of the design and governance arrangements of ASFII. Specifically it will seek to address questions relating to the design, the inputs and the processes used.

3.1 Design of the Facility:

The assessment of the design is a test of the ‘program logic’ to make an assessment of the effectiveness of the design of ASFII as an aid delivery mechanism. The types of questions to be addressed include:

1. What has been the impact of the greater focus of ASFII (compared with ASFI)?
2. How effective is the ASF model of advisory support? It will examine the different models of advisory support (periodic, short term, long term) and team-based approaches.
3. To what extent are other, non-adviser forms of support provided through ASFII (including training and budget support) and what are their benefits and limitations for public sector reform?
4. What changes in the external environment, beyond the control of ASF, have taken place and have those changes affected the design logic and its continuing relevance?
5. How has the design changed over the years – either deliberately or accidentally (‘design creep’) and what has been the impact?

3.2 Inputs to the Facility

This assessment looks at both the level and quality of inputs to the Facility. Inputs include:

- Human resources, in particular the advisers. It will look at basic demographics of advisers, including their background (particularly whether they have had previous PNG/developing country experience), gender, mix of national and international advisers, age range. Information on the availability and appropriateness of the Key Agency Staff (KAS) working with the advisers will be collected in Stages 2 and 3.
- Financial resources – the funding provided by AusAID and by GoPNG (where appropriate).

Given the difficulty of making realistic cost comparisons with other methods of aid delivery (for example projects and programs) or with other facilities, it is not intended to attempt any detailed assessment of cost-effectiveness, although the evaluation will consider broad value for money.

A third input, the management and staffing of the ASFII office, is not included in this evaluation as it was substantially assessed in the Mid Term Review.

3.3 Processes used at Facility level

Processes are used at both the level of the Facility and at the level of individual placements. At the Facility level, a key process concerns the **governance arrangements**, so the evaluation will seek to answer questions such as:

1. How effective is the process for setting and implementing the overall strategy for ASFII? Who is involved in the process and how does the strategy link to GoPNG and AusAID key strategies?
2. How appropriate and effective is the Facility Management Group (FMG), in terms of membership, degree of participation, independence, and composition with respect to GoPNG department representation?
3. How effective is the FMG decision-making process, deliberations, and contestability of decisions?

4. How effective and appropriate is FMG access to and use of strategic and policy-setting information?
5. What are the processes used for cross-sector coordination and are they relevant and effective?

Linkages and communication processes are also important, so the evaluation will consider questions such as:

1. How appropriate and effective are the linkages to other relevant/interested GoPNG groups/structures (e.g. CACC Secretariat)?
2. How effective are the information flows between FMG and other GoPNG stakeholders?

A further issue concerns the degree of **Facility ownership** by the key stakeholders. The evaluation will consider:

1. What is the extent to which GoPNG “owns” ASF II?
2. What is the identity and reputation of ASFII in GoPNG?
3. What levels of government (horizontal or vertical) are aware of ASF II?
4. What level of government engagement is optimum / should ASF II be aimed at?

The evaluation will also identify and consider issues that may be relevant for future support mechanisms such as governance arrangements, decision-making processes and coordination with other programs.

3.4 Processes used at placement level

The evaluation will consider:

1. How are the placements identified, and by whom?
2. How appropriate are the placements, in terms of relevance to the ASF strategy, situation within the agency, involvement of other non-ASF advisers and/or projects (funded by AusAID or other donors), degree of ownership and commitment by key stakeholders in the agency, etc?

4. Work program and team composition for Stage 1

4.1 Work program

The evaluation will be conducted in a similar way to an AusAID-appointed Technical Assistance group (TAG) or ex-post evaluation. The team will conduct a desk review and broad stakeholder consultations to collect all necessary information. The four-week in-country mission will comprise:

Week 1	A desk review of relevant background information and documentation, presentation to the FMG, stakeholder consultations as required.
Week 2/3	Design of evaluation tools, as required. Data collection and collate relevant evaluation information through stakeholder consultations and interviews
Week 4	Final data collation and production of a draft progress report.

4.2 Evaluation Team

The evaluation will be undertaken by a team comprising representatives of the three key stakeholder groups: the Facility Management Group (FMG), AusAID and the Managing Contractor (MC). Given that the evaluation is being managed by the MC, it was agreed a team-based approach, led by an external specialist and involving key stakeholders, was required to mitigate any conflict of interest and to ensure independence.

Team members for Stage 1 are: Jan Morgan (Independent Consultant and Team Leader), John Punde (PSRMU), Lydia Bezeruk (Activity Manager, AusAID), Tracey Johnson (Deputy Director, MC) and Helen Konobo (M&E Officer, MC).

5. Purpose and scope of the Facility Effectiveness Evaluation Stage 2

Evaluation Stage 2 aims to collect information to assist the evaluation team to answer the purpose level questions: (i) How has ASF assisted the GoPNG to implement reforms in public sector management and administration; and (ii) How has ASF contributed to sustained performance improvement within the public sector leading to more effective/efficient service delivery?

The objective is to select a limited number of case studies that will provide information and insights into the evaluation at the level of outputs and outcomes. A list of areas for investigation is given below:

5.1 Corporate Service Functions

Examine one of the main corporate services functions where ASF has provided advisers in more than one agency. This will enable us to compare approaches across agencies and draw lessons from successful or unsuccessful placements.

The team will evaluate ASF support in the area of *financial management*. ASF has supported eight financial management placements to date.

5.2 Type of advisory support – team approaches and cross-agency support

ASF has several teams of advisers. It may be possible to determine the benefits or limitations of team approaches: for example, if it results in greater impact. In addition, ASF has supported one cross-agency placement.

The team will evaluate ASF support to DoW where there have been 8 placements, including the 1 cross-agency placement (Works/Treasury).

5.3 Single adviser placements

Examine agencies where only 1 adviser has been working with a team of counterparts at different levels, for example, at executive level and at operational level.

The team will evaluate placements in the Department of Lands and Physical Planning (ISCAT Adviser), and the Department of Transport (Strategic Management Adviser).

5.4 Processes used at placement level

Placement evaluations will comprise a review of Facility and adviser documentation including adviser reports, stakeholder feedback surveys and placement completion evaluations. The team will conduct stakeholder interviews, using appropriate tools such as questionnaires. Where possible all data will be triangulated/verified by consulting at least three different stakeholder groups.

Placement evaluations will consider:

1. How are the placements identified, and by whom?
2. How appropriate are the placements, in terms of relevance to the ASF strategy, situation within the agency, involvement of other non-ASF advisers and/or projects (funded by AusAID or other donors), degree of ownership and commitment by key stakeholders in the agency?
3. How successful has the placement been in terms of achieving TORs, agreed outputs and outcomes?
4. How has the placement contributed to the ASF purpose?

6. Work program and team composition for Stage 2

6.1 Work program

The evaluation will be conducted in a similar way to an AusAID-appointed Technical Assistance group (TAG) or ex-post evaluation. The team will conduct a desk review and broad stakeholder consultations to collect all necessary information. The four-week in-country mission will comprise:

- | | |
|----------|---|
| Week 1 | A desk review of relevant background information and documentation including Facility reports, adviser reports, stakeholder feedback surveys. Design of questionnaires. |
| Week 2/3 | Data collection and collate relevant evaluation information through stakeholder consultations and interviews |
| Week 4 | Final data collation and production of a draft report. |

6.2 Evaluation Team

The evaluation will be undertaken by a team comprising representatives of the three key stakeholder groups: the Facility Management Group (FMG), AusAID and the Managing Contractor (MC). Given that the evaluation is being managed by the MC, it was agreed a team-based approach, led by an external specialist and involving key stakeholders, was required to mitigate any conflict of interest and to ensure independence.

Team members for Stage 2 are: Jan Morgan (Independent Consultant and Team Leader), Tony Miva (FMG and DNP&M), Lydia Bezeruk (Activity Manager, AusAID), Tracey Johnson (Deputy Director, MC) and Helen Konobo (M&E Officer, MC).

Annex 2: People consulted

Name	Position
Mosilayola Kwayaila	Chair, ASFII Facility Management Group (DNPM)
James Melegepa	FMG member (PSRMU)
Raquel Painap	FMG member (DPM)
Warren Turner	FMG member (AusAID First Secretary EPSG)
Alan Pope	FMG member (Facility Director, ASF)
Dr Nao Badu	Chairman & Chief Executive Officer, NEFC
Felecia Dobunaba OBE	Director General, CACC Secretariat
Gei Ilagi	Secretary, DPLGA
Bill Kua	Director General, PSRMU
George Guina	First Assistant Secretary, Corporate Services Division, DoF
Eddy Galele	Program Manager, FMIP
Karl Sopol	(Previous) Chair, FMG (DNPM)
Philip Julius	Assistant Secretary, Finance Training Branch, DoF
Michael Heaven	Deputy Program Manager, FMIP
Cedric Saldanha	ASF Team Leader Corporate Planning Adviser, DPLGA
Cheryl Holland	ASF Team Leader, PNG National Forestry Authority
John Steer	Senior ASF Adviser, Finance Training Branch, DoF
Kathy Whimp	ASF Team Leader, NEFC
David Kavanamur	Team Leader, Public Sector Reform Strategy Review Team
Gavin Robins	Public Sector Reform Strategy Review Team member
Mark Bailey	Counsellor, Governance Reform, AusAID
Anne Malcolm	Senior Program Coordinator, HIV & AIDS Program, AusAID
Cathie Hurst	Formerly First Secretary Infrastructure, AusAID
Les Holland	(Previous) ASF II Management Adviser (DoW & Treasury) & Policy Adviser (Transport Sector Support Program)
Moale Vagikapi	Senior Program Officer, AusAID
Chris Wall	Senior ECP Adviser – Internal Revenue Commission (Customs)
Craig Deane	Senior ECP Adviser – Auditor General's Office
Jim Kerwin	Senior ECP Adviser – DoF
John Eyers	Senior ECP Adviser – Treasury
Rex Hoy	Senior ECP Adviser – DPM&NEC
Trevor Schloss	Senior ECP Adviser – Internal Revenue Commission (Tax)
Elise Skinner	Recruitment Manager, ASFII
Patricia Lyon	Principal Capacity Building Adviser, AusAID
Simon Tosali	Secretary (Dept of Treasury)
Ruth Joel	FAS Corporate Services (Dept of Treasury)
Alphonse Niggins	Secretary (DoW)
Paul Aigilo	Deputy Secretary - Corporate Services (DoW)
John Ame	FAS IT Division (DoW)
Henry Salin	FAS Finance & Admin Division (DoW)
Tau Dikana	Assistant Secretary - Information Systems Branch (DoW)
Siru Kuyei	Assistant Secretary Personnel Management Branch (DoW)
Joycelyn Butsu	Assistant Secretary - Finance Branch (DoW)
Beau Tydd	ASF II Information Technology Adviser (DoW)
Richard Greenfield	ASF II Financial Management Adviser (DoW)

Name	Position
Patricia Dear	ASF II HR Adviser (DoW)
Samson Chiki	Deputy Secretary - Corporate Services (DCD)
Leo Kulumbu	FAS Finance & Administration (DCD)
Stanley Bena	Assistant Secretary - Finance & Administration (DCD)
David Nicholson	ASF II Financial Management Adviser (DCD)
Sharon Riley	(Previous) ASF II Financial Management Adviser (Dept for Com Devt) & (Current) ASF II Financial Management Adviser (NACS)
Pepi Kimas	Secretary (DLPP)
Eric Hawai Ako	ISCAT IT Manager (DLPP)
Lucy Gima	ISCAT Business Devt Analyst (DLPP)
Bernadette Lolo	ISCAT Policy Officer (DLPP)
Joe Miria	ISCAT Operations Administrator (DLPP)
Petra Pala	ISCAT Technical Support Officer (DLPP)
Dennis Sheekiot	ISCAT Network & Communications Officer (DLPP)
Andree Bengo	ISCAT Helpdesk Officer (DLPP)
Nasser Kaviani	(Previous) ASF II ISCAT Adviser (DLPP)
Henry S Parakei	Secretary (Dept of Transport)
Kevin Luana	Deputy Secretary, Technical Services (Dept of Transport)
Philip Habon	Deputy Secretary - Policy & Planning (Dept of Transport)
Romanus Pakure	Acting Director (NACS)
Isaac Borane	Acting Deputy Director – Corporate Services (NACS)
Robert Saisagu	Finance Manager (National AIDS Council Secretariat - NACS)
Carl Kalwan	Assistant Auditor General (Auditor General's Office)
Glen Hurley	ASF II Financial Management Adviser (Auditor General's Office)
Robby Lovae	Director Finance, Papua New Guinea Forest Authority
Tony Carbry	ASF II Financial Management Adviser (PNG Forest Authority)
Judith Ugava-Taunao	Senior Program Officer - Democratic Governance, AusAID
Keith Joyce	First Secretary – Infrastructure, AusAID
Charles Vee	Senior Program Officer (Transport Sector Support Program AusAID)

Annex 3: ASFII Placements by agency and function in adviser months April 2003–February 2007

FUNCTION AGENCY	Corporate planning	Strategic/ change management	Human resources	Financial management	IT	Audit/ assets	Monitoring and evaluation	Legal/ policy	Technical	Total adviser months
DPLGA	50		24	24			55	73		226
NEFC	36							2	167	205
Treasury		12	20			36		17	94	179
Forestry	31		38	37	31	18				155
Bougainville	4	11	17					108		140
DoW		30	20	52	35					137
DoF	8	2							121	131
CSTB		12		33					53	98
DLPP		58			36					94
Bank of PNG									72	72
DNPM	30							9	28	67
Nat Disaster		26					41			67
DPM&NEC							6	3	41	50
NRI									47	47
DCD	12	12		21						45
DLIR								17	24	41
NACS			12	7	12					31
DPM		17							7	24
Transport		23								23
Dept Education									22	22
Auditor-Gen	6			12						18
IRC	4		12						1	17
Dept Agricult	11									11
NAQIA	4									4
Dept of Health										0
Total adviser months	196	203	143	186	114	54	102	229	677	1,904

Annex 4: ASFII statistical information on placements and advisers

Table A4.1: Number of placements by type of agency and placement to February 2007

Agency	Long-term	Short-term	Periodic	Total placements	Total adviser months*	% adviser months
Central agencies (including special units & projects)	45	31	23	99	838	45
Line agencies & departments	21	0	3	24	414	23
Other agencies (authorities, commissions, etc.)	37	7	4	48	594	32
Total	113	38	30	171	1846	100

*Excludes periodic placements

Table A4.2: Type of placement and gender – number of placements

Type of placement	Number of placements			%		
	Total	Male	Female	Total	Male	Female
Long term	103	83	20	60	60	59
Short term (<6 months)	38	31	7	22	23	21
Periodic	30	23	7	18	17	21
Total	171	137	34	100	100	101

Table A4.3: Type of placement and gender – number of adviser months

Type of placement	Number of adviser months			%		
	Total	Male	Female	Total	Male	Female
Long term	1734	1402	332	94	94	94
Short term (<6 months)	112	89	23	6	6	6
Total	1,846	1491	355	100	100	19

Table A4.4: Age range and gender

Age range	Number of placements			%		
	Total	Male	Female	Total	Male	Female
<39	27	16	11	16	12	32
40–49	47	37	10	27	27	29
50–59	63	55	8	37	40	24
60 and over	34	29	5	20	21	15
Total	171	137	34	100	100	100

Table A4.5: Nationality and gender

Nationality	Number of placements			%		
	Total	Male	Female	Total	Male	Female
Australian/NZ	145	117	28	85	85	82
Papua New Guinean	18	15	3	10	11	9
Other	8	5	3	5	4	9
Total	171	137	34	100	100	100

Table A4.6: Source of recruitment of adviser

Age range	Number of placements			%		
	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>
Open recruitment	115	92	23	67	67	68
AusAID nominated	39	32	7	23	23	21
GoPNG nominated	10	7	3	6	5	9
MC nominated	7	6	1	4	4	3
Total	171	137	34	100	99	101

Table A4.7: Previous developing country experience and gender

Level of experience	Number of placements			%		
	<i>Total</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Male</i>	<i>Female</i>
Experienced	124	104	20	73	76	59
Less experienced	47	33	14	27	24	41
Total	171	137	34	100	80	20

'Experienced' is defined as having worked for more than six months in a developing country prior to initial recruitment.

Annex 5: ASFII – development of strategic priorities

Table A5.1: Priority agencies – central and key agencies

<i>Original PDD</i>	ASF strategic plan 2004	ASF strategic plan 2005	ASF strategic plan 2006	ASF strategic plan 2007
<i>PM & NEC and Office of the Chief Secretary</i>	PM & NEC	PM & NEC	PM & NEC	PM & NEC
<i>Planning</i>	Planning	Planning	Planning	Planning
<i>DPM and Public Service Commission</i>	DPM	DPM	DPM	DPM (including PSWDI secretariat)
<i>Finance</i>	Finance	Finance	Finance	Finance
<i>Treasury</i>	Treasury	Treasury	Treasury	Treasury
<i>DPLGA</i>	DPLGA	DPLGA	DPLGA	DPLGA
			Internal Revenue Commission	Internal Revenue Commission
			Central Supply & Tenders Board	Central Supply & Tenders Board
			NEFC	NEFC
				NACS

Table A5.2: Priority sectors, line ministries and sub-national levels of government

<i>Original design</i>	ASF strategic plan 2004	ASF strategic plan 2005	ASF strategic plan 2006	ASF strategic plan 2007
<i>Line agencies, including departments, authorities & corporations</i>	Transport infrastructure	<i>No specific sectors mentioned, only of supporting line departments and sub-national levels, particularly within MTDS priority areas</i>	Department of Works	Department of Works
	Basic education		Dept of Lands & Physical Planning	Dept of Lands & Physical Planning
	Primary health care		Dept of Transport	
	Law & justice		Dept of Health	Dept of Health
	Broad-based rural development			National Research Institute
				National Forest Authority
<i>19 provinces</i>			Sub-national levels, particularly Bougainville	<i>Support until Sub-National Strategy service provider appointed</i>

Annex 6: Case study – Department of Works 2000-2007

Introduction

In 2000, the Secretary of the Department of Works (DoW) approached the Advisory Support Facility (ASF) Board for help to strengthen financial management, accountability and expenditure control within the department. An initial ASF placement was approved and a financial management adviser started in early 2001. The success of this appointment convinced DoW senior management of the value of ASF support, and they applied for a management adviser to help more effectively manage their large department. An adviser was appointed to this position in 2002. In order to improve relations between DoW and the Department of Treasury, the placement became a shared resource between the two departments. The adviser also became the team leader for the growing ASF team which had added information technology (IT) and human resources (HR) placements in 2004. The management adviser's placement ended in 2006, and DoW decided it no longer needed assistance in this area. The remaining three advisers (financial management, HR and IT) have since operated as a self-managed team.

Significance of this case study

This case study documents ASF's support to DoW over the past seven years. It is significant because of the long-term relationship and commitment (by ASF and DoW); however, there are a number of other features of interest:

- Early engagement at a strategic level leading to progressive engagement of functional advisers
- Placement of one adviser working across two departments
- Transition of a technical consultant to a capacity building adviser
- Periodic and part-time inputs as well as full-time inputs
- Establishment of a team approach
- Change of the ASF team from being managed by a senior adviser to managing themselves.

The situation prior to ASF support

In 2000, DoW was widely considered to be a poor performer, with public allegations of mismanagement and inadequate expenditure control and financial reporting. The department had undergone a major change in its role, from directly undertaking road and bridge maintenance to project-managing external contractors. However, because it had not yet adjusted to this change, its policies, systems and procedures did not reflect the new way of working: the focus remained on engineering rather than management, there was no strategic or annual planning, and the budget was poorly framed.

DoW operated an Oracle-based financial management system that required external technical support and did not link into the general GoPNG system. Although it has the largest network of provincial offices of any department, communication links to offices were limited. Morale was low, attendance poor in some divisions, and there were allegations of corruption in others. A substantial in-house training Facility was barely functioning and the associated residential dormitories were run down.

However, there were also real strengths. The Secretary was a strong leader who was committed to change and reform and was well supported by his senior managers. An external Functional Expenditure Review (FER) identified major problems, and also gave direction for

future development. While change and reform were on the agenda, the key issue was how these would be achieved. In the words of one senior manager: ‘We knew what we wanted to do but we did not know how to go about it.’

The situation seven years on

DoW has been through a process of organisational change and growth, to the point that it is now widely seen as one of the better performing GoPNG departments.⁴³ There is now shared understanding of, and focus on, the department’s primary responsibilities. DoW’s corporate plan is kept up to date and drives its annual departmental and divisional plans. Budgets are closely linked to these plans and GoPNG and aid donors are showing their confidence by increasing funds in the areas of departmental responsibility (for example, for road maintenance). The department is well managed, both at the senior executive level and within divisions and branches, all of which have work plans against which they regularly report. Relationships with key departments (Finance, Planning, Transport and Treasury) have dramatically improved. Indeed, an important recognition of DoW’s improved status is that the Department of Personnel Management (DPM) has made it one of the first pilots for devolving responsibility for personnel management functions.

Staff commitment, morale and attendance have significantly improved and barriers between the different sections within Corporate Services are being broken down. The payroll function, long a problem area, now operates effectively. A network to link provincial offices to headquarters is well under way, promising much improved communications and file sharing. A training program reflecting DoW needs is being implemented, using local external training providers working alongside in-house training staff – more than 500 have been trained in 2007. And the run-down residential dormitories have been refurbished, at a reasonable cost by using DoW staff with relevant skills.

Despite these many improvements, problems still remain and management remains vigilant to ensure that DoW does not slip back into its old ways. Although the IT officers are better trained to support the financial management system, it remains vulnerable. It was hoped that the new government-wide Integrated Financial Management System (IFMS) would have come online to address this problem, but this has not yet happened. Also, the network project to link all provincial offices is at a critical stage and may need further budget support for telecommunications infrastructure. Moreover, there are still unexplained staff absences and issues with punctuality, and reluctance among some managers to take disciplinary action when needed.

How was this change achieved?

The credit for the substantial improvement in the operations and management of DoW lies largely with senior and middle managers who have worked hard to determine where they want DoW to be, and have taken action to move the department forward on many fronts including by involving staff in the changes. However, it is widely acknowledged (including by senior management) that a major catalyst for change was the input of the ASF advisory team. Their capacity building efforts underpinned the changes and improved the likelihood of being sustainable. Some observations on each area of advisory input are outlined here.

⁴³ This is acknowledged in the 2007 *Review of the Public Sector Reform Program*.

Strategic and corporate management

The appointment of the management adviser in 2002 was the start of change in strategic and corporate management. The department had two reports – from FER and the Auditor General’s Office – outlining recommendations for change, and could have chosen to set these aside as some other departments did. Instead, encouraged by the adviser, senior management chose to view these as the basis for a reform agenda. A senior review team, supported by the ASF adviser, was established to oversee and monitor progress in implementing the recommendations.

The adviser established credibility and worked as a sounding board and coach to the senior management team. He helped DoW to develop their first corporate plan and use it as a basis for decision-making. In 2004 the secretaries of Treasury and Works agreed to share the adviser’s input across their departments. This provided an opportunity to improve communication between Treasury and Works. The placement finished in 2006 but the person is still available to DoW senior managers and is in regular contact with them through the new AusAID-funded Transport Sector Support Program.

Other corporate initiatives include developing a DoW Policies and Procedures Manual. A policy working group, supported by the HR adviser, is developing a DoW-specific manual based on General Orders. Another initiative impacting on the whole department is implementing a ‘no work-no pay’ rule, as allowed under General Orders. The Secretary sent every officer a letter, reminding them of the public service oath and obligations to put in a full day’s work. He made it clear that if individuals decided not to attend work, they were in effect deciding not to get paid. Implementation remains patchy, but there are noticeable differences in some areas such as 100 per cent attendance at training courses.

Human resource management and development

The HR Adviser, who started in March 2006, works with the Personnel Management (PM) and Human Resource Development (HRD) Branches. The PM Branch was described by one senior DoW manager as being in ‘total chaos’ before the adviser arrived, which happened just after the appointment of a new Assistant Secretary who had transferred from the Finance Branch. There were serious problems in the payroll section; the workplace was ‘a mess’ with files piled up on the floor, and very few computers or other equipment. It was normal for only half the staff to be at work on any one day. Some 31 of the 48 staff were casuals or in acting appointments.

The combination of the financial background of the Assistant Secretary and the HR experience of the adviser has led to remarkable achievements in a relatively short time⁴⁴. They worked together to develop and implement a plan that would address the physical work conditions, systems and motivational aspects. The outcomes from their plan are given in the box below.

⁴⁴ Work had already started on addressing the payroll problems as new staff had replaced seven previous staff

Box 1: Improvements to the Personnel Management Branch

Physical improvements

- Acquired new computers, workstations, partitions, a photocopier, fax machine and filing cabinets, partly funded from a successful submission to AusAID. The Department of Finance provided a further five computers because they were so impressed with the changes being made.
- Developed and implemented a records management policy to archive and/or dispose of the personnel records of past and current staff.

Systems improvements

- Cleaned up the payroll, through working closely with DPM and Department of Finance. Trainers from the software company were brought in to train the new payroll officers. DoW staff are now paid correctly and are allocated to the correct cost centres.

Motivation and morale

- Reorganised the branch and appointed staff through an internal recruitment process so selection was on merit rather than length of service.
- As a result, 25 of 31 staff who had been in acting or casual positions became substantive.
- Took hard decisions with unsuccessful staff who were demoted, dismissed or resigned.
- Developed a sense of pride in the Branch, and of customer service to the provinces who now know who to contact.

Improvements continue to be made. The PM Branch Assistant Secretary has established task teams to continue to check the payroll for ghost workers, review policies and procedures and look at records management.

Significant achievements can also be found within the HRD Branch, largely through using existing resources as much as possible. The branch had a limited budget (K200,000), which had been used primarily for professional training. A survey of professional qualifications revealed a shortage of management, project management and basic public sector administration skills. The Manpower Development Committee, chaired by the Deputy Secretary, decided not to send any staff on external courses in 2007, either in Papua New Guinea or overseas. Instead, the budget was used to employ local trainers and facilitators, mainly from PNG Institute of Public Administration to run training programs for more than 500 staff. Courses included a Certificate in Middle Management, Accounting for Non-Accountants, Bank Reconciliation and Public Service Administration.

Another initiative, also using local resources, saw six managers enrol in Divine Word University's Diploma in Management and Supervisory Skills. This two-year course is taken over four semesters, each of which involves two weeks at study school in Port Moresby where participants cover seven modules. This is followed by 10 weeks back on the job where participants complete seven work-based assignments. The course is therefore practical and competency-based and has an immediate impact in the workplace. So far, four of the six managers have finished the first year of this course. Even though it costs K2,880 per person per semester, the course is far more cost-effective than the former approach of sending people away for two to three years of study. And the course is regarded as effective – one senior manager said he had seen a difference in the performance of those taking it, noting that they are more organised, confident and analytical, with improved people-management skills.

Financial management

Before the first financial management adviser arrived, the Finance Branch was poorly organised and did not meet departmental needs. Each provincial office had its own ledger, and only provided information to DoW headquarters once a month despite the Department of Finance requiring weekly financial information. The first adviser focused on developing new procedures and documentation and, most importantly, moved DoW to single-ledger recording. In so doing, she involved staff and used the exercise as a capacity building opportunity. She mentored staff and acted as a role model, particularly for the women. One new female graduate with whom she worked closely has since become the Assistant Secretary of the Finance Branch.

The second adviser built on these foundations. He and his key DoW colleagues decided on two main approaches to capacity building in the Finance Branch: upgrading the IT network so financial information could be shared, and moving to replace the Oracle-based financial management system with the IFMS being developed for whole-of-government use. While the former was successful, with AusAID funding an extensive upgrade, the latter was less so. Despite gaining early agreement that DoW would be a pilot site for IFMS, delays in developing the new system mean that major preparatory efforts have not yet led to change.

The adviser provided considerable guidance, advice and assistance, particularly in the structure and roles of the branch, training staff and delivering training in provinces. An important area has been supporting budget preparation by running workshops for budget holders, to help them focus on areas such as public sector reform objectives. The workshops, originally delivered by the adviser, are now run by departmental staff. Partly as a result of this work, DoW budgets are now developed alongside the annual work plan, using a template developed with help from the HR adviser.

Other achievements in the financial area include:

- Re-establishing the internal audit function – an internal audit committee was established, the office renovated and equipped with computers, and a manager and staff appointed
- Introducing the international computer driving licence (ICDL), an internationally recognised training program for computer users
- Securing funding from the Asian Development Bank for more computers and for a trainer who can travel around the provinces
- Updating bank reconciliations by employing temporary staff on contract and using funds from AusAID (obtained with the adviser's assistance).

One issue arises from the placement. In hindsight, given the constant delays in developing and implementing IFMS, it was unfortunate that so much time and energy was devoted to this project. It has nevertheless provided a valuable lesson, that additional resources are needed for implementing such a major government-wide system.

Information systems, communications and technology

A specialist Oracle consultant had been assisting the IT division before ASF involvement, providing periodic support for DoW's Oracle-based financial management system. However, by 2004 DoW senior management realised they needed a more broadly based IT adviser. The consultant successfully applied for the position and became a periodic ASF adviser, where he became more focused on capacity building and less on just fixing the problems. The adviser welcomed the change, saying that he had wanted to run training sessions but the staff had not been interested. So the ASF Director needed to brief the counterparts too, to change their

expectations about the role of the adviser. The placement was successful with IT staff becoming more technically competent and able to rectify most faults⁴⁵. They also said they learned more about working with end users.

In 2006 ASF recruited a replacement IT adviser to work full-time in-country. With good experience in networking and communications, the adviser is taking the network project forward, further upgrading the links from provincial offices to headquarters. Other recent achievements include:

- Helping the First Assistant Secretary re-establish an IT steering committee, develop policies and clarify areas of focus
- Helping build teamwork and improve communication, cooperation and flexibility within the division. Staff members are no longer physically divided by cubicle partitions, and no longer work either only on hardware or on software. Instead they are beginning to see they all have a common purpose which is to service their (internal) customers, particularly the provincial offices
- Developing a set of reporting templates for staff so that they can more easily and quickly submit reports
- Helping staff develop realistic work plans.

Techniques and approaches used by the advisers

The advisers at DoW have brought their own approaches and ways of working. The comments in the box below, made by DoW officers and the advisers themselves, provide insights into their methodologies.

Box 2: Techniques and methods used by Department of Works advisers
<p>Working according to the department's agenda</p> <ul style="list-style-type: none"> • We know what we need to do but are not sure how to get it done. • I couldn't figure out the strategy to be a change agent, but the advisers helped us. • The advisers work in a way that encourages people to take ownership of what they produce. • They provide advice – but let the counterparts make the final decisions. • Those who work with the process should create it – don't look to the adviser to solve the problems. • The adviser asks us about what we want to learn.
<p>Providing advice, not doing the work</p> <ul style="list-style-type: none"> • The adviser helps when I am looking for ideas – we can discuss things and I appreciate his wider knowledge. • Advisers give us another perspective. Sometimes we don't agree but we can discuss and compromise. They force us to re-look at our ideas. • The advisers are complementary to us. • The advisers present solutions, but recognise and respect that it is the department's decision. • Although the adviser has finished, he is still available by email.
<p>Expanding the resource base by using external assistance</p> <ul style="list-style-type: none"> • Use existing external reports as leverage for action. • Help the department seek external funding from donors. • Use local trainers and facilitators, training organisations and universities as much as possible. • Use relevant external departments and help build the relationships. • Use external opportunities for capacity building. For example, use the PNG Institute of Public Administration trainers to help develop skills of in-house trainers.

⁴⁵ Since completing his placement the former adviser continues to provide occasional technical back-up to the IT team by email.

Using specific capacity building techniques

- Treat every activity as a project, set up project teams to work on specific tasks and ensure everyone has a task to do
- Develop (and reinforce) project management skills
- Do surveys to collect the base data and better understand the sources of problems.
- Use incentives to encourage people to attend and complete training courses.
- The advisers encourage us to 'work smart, don't work hard'.
- Use metaphors to get messages across.
- Make do with what you have – encourage creative use of limited resources.
- Get top-level commitment to bring in changes such as the 'no work-no pay' rule.

Personal qualities of the advisers

- The adviser has a 'no nonsense' approach, and tells us straight what the situation is.
- The adviser has time for everyone.
- The team of advisers present a united front.

A particular technique is worth mentioning because it is an innovative way of addressing an issue that is common in PNG, and indeed in other countries, namely that of the lack of a clear distinction between work and personal matters. It was common for staff in the DoW to be regularly visited by family members and friends coming to the office. The adviser developed a story using as a metaphor a well-known PNG item, a bilum. The story is given below.

Using metaphors to make the point: The two bilums

Imagine you have two bilums. In one is everything to do with your personal life – your home and family matters, your wantoks, your friends and social life. In the other is everything to do with your work life – all the work tasks you need to do, the responsibilities you have to your boss, your work colleagues and your staff, and your responsibilities to your customers as a public servant, the deadlines and pressures of work.

Now both these bilums are very full and very heavy. If you try to carry them both at once then you will have problems. Yet some of you are doing just that – you come to work carrying both your work bilum and your personal bilum.

But just outside the Department is a convenient tree. So I suggest that, on your way into work each day, you should hang your personal bilum on that tree and just bring in your work bilum. That way, you can concentrate on your work, rather than on your family life. And when you go home – hang the work bilum on the tree and pick up your personal bilum. So you won't be taking work home with you and you can spend time with your family and friends.

Are the changes sustainable?

DoW has already made moves to ensure that the changes of the last few years are sustainable, such as:

- Using local consultants to assist with the annual the review of the corporate plan
- Involving local trainers and facilitators in training program delivery
- Looking for more cost-effective ways of working
- Using Divine Word University for management training
- Undertaking succession planning.

Regular management meetings, the annual planning and budgeting process and production of monthly and quarterly reports are now part of normal operations and are likely to be sustained, even if the ASF advisers were not involved in them⁴⁶. The budget preparation

⁴⁶ It is hoped that the activities are now embedded. In a previous year when there was a gap in support and staff turnover, the budget was not linked to the annual plan.

workshops, originally fostered by the advisers, are now run by DoW officers, led by a Deputy Secretary, and are likely to continue. The IT division is confident that IT and communication improvements are sustainable, although there are major issues still to be worked through (for example, IFMS delays and staffing problems).

The advisers believe their counterparts now have the skills to sustain the changes and even to take them further. However, reforms will only be maintained with strong leadership and commitment from senior management. Also, the current efficient operations rely on key staff, and DoW – as with many other GoPNG departments – has problems retaining its most skilled officers. It is hoped that DPM's recent decision to allow DoW to pay domestic market allowances for key professionals will at least slow the exodus of skilled people.

Conclusions and lessons learned

The experience of ASF support within DoW over the past few years highlights a number of lessons and principles:

- Capacity building is incremental and takes time – the long period of ASF engagement has helped and encouraged DoW to undertake reform and embed changes.
- High-level engagement pays dividends – the appointment of the management adviser, who worked closely with the Secretary and his deputies, helped them develop a vision and strategy for DoW and build momentum for reform.
- Progressive engagement fosters trust and a genuine partnership – the initial appointment was successful and convinced senior DoW managers that the ASF capacity building model was effective, worthwhile and non-threatening.
- Working across two departments can be effective – at different times the management adviser worked across DoW, Transport and Treasury and proved to be an important link between them. However, expectations in the different agencies need to be managed
- Moving from being a technical consultant to taking on a role focused more on capacity building is possible but the staff need to be briefed about the new role.
- The advisory team approach is effective and desirable, both from the point of view of the departmental officers and the advisers. Staff feel they have learned more from having access to more than just one adviser. The advisers can model the idea that DoW corporate services staff are also a team that need to support each other. The team is able to tackle issues at an organisational level rather than just within their own discipline. They support each other and provide a sounding board and another way of looking at issues that each faces
- The self-managed team appears to work just as well as having a team leader.

Annex 7: Case study – Financial Management Advisers

Introduction

This case study examines seven placements of financial management advisers – in the Auditor General’s Office (AGO), the Department for Community Development (DCD), the Department of Works (DoW), the National AIDS Council Secretariat (NACS) and PNG Forest Authority (PNGFA). There have been two sequential advisers in DCD and DoW. All but one adviser still works in PNG. The material for this case study is drawn from interviews with advisers and agency officials, and from reports prepared by advisers. Given the sensitive nature of some of the information, the findings have been generalised so individual agencies are not always identified.

The situation prior to ASF support

The agencies exhibited several features in common before the advisers started, including a lack of qualified and trained staff, and poor financial controls. In some agencies, there was a backlog of bank reconciliations and statutory reporting. Procurement practices did not follow guidelines, and there was little or no sense of accountability. In two cases, the agency had overpaid or not correctly taxed allowances, or had not paid superannuation or group tax.

Other problems included a ‘silo’ mentality and reluctance to share information (both within the finance section and across the agency), poor management practices, and an unwillingness to delegate. Charts of accounts were out of date, and did not reflect current organisational structures. This meant management information was not always relevant and that budget holders were not accountable.

Good regulations and procedures exist in the Public Finance Management Act (PFMA) and General Orders, but often staff do not follow them. This is due to a lack of knowledge, a lack of discipline in adhering to the regulations (using ‘local practices’ instead) or a lack of awareness that the agency is covered by the PFMA and General Orders. In some cases, staff benefited from not adhering to the rules and were, as a result, reluctant to change.⁴⁷ Importantly, the quality of the regulations means that advisers can work with existing GoPNG policies, processes and systems, rather than changing them.

The situation was particularly challenging in NACS. When the adviser started, three donor-funded projects had just ended and NACS needed to set up its own systems and procedures. None of the three projects had included a mandate to build capacity, so little had been done to develop the skills and capabilities of NACS’s understaffed finance section.

The situation in 2007

The situation in all five agencies is summed up as ‘a work in progress’. Good progress has been made in all cases, but there is still much to be achieved. All agencies recognise they need ongoing support. In several cases the changes would appear to be small but, as one counterpart said, even small changes are starting to have an effect. Examples of improvements, outlined here, are categorised as general management and staffing improvements, and financial management and technical changes.

⁴⁷ In other cases there was deliberate fraud, and steps were taken to address it. In these cases it appears that the adviser’s presence helped.

General management and staffing improvements

All financial management advisers have had an impact both in their finance work units and on the management of the agency as a whole. Advisers in three agencies have introduced new charts of accounts to better reflect their agency's organisational structure, provide more accurate information to managers, and make the managers more accountable for their budget. The advisers have participated in corporate planning sessions, and in at least one agency the agency budget is now based on the corporate plan.

Advisers have helped train managers in procurement and budget preparation. Typically, new policies and procedures are jointly developed, with initial training sessions run by the adviser and a counterpart, and then the counterpart takes over future training. Several counterparts said they have improved their skills and confidence in doing presentations.

Advisers have helped develop the finance work unit's own work plan, drawing on the corporate plan, where it exists. Some have helped restructure their finance work unit and rewritten job descriptions to better reflect work performed. In one case, job descriptions included performance targets to help develop a better sense of performance and accountability. In one agency, this work was supported by the Department of Finance (DoF) and the Department of Personnel Management (DPM).

Other general management improvements include assistance in providing regular financial reports in a more user-friendly format, clarifying financial delegations, and encouraging regular executive meetings. Within the finance work units, advisers have also encouraged regular staff meetings. Improvements in attendance, attitudes and teamwork were noted in two agencies, and improved delegation by the manager in another. Some officers mentioned that they were picking up management skills from working with their adviser, including taking a more strategic approach, planning and setting priorities.

Financial management and other technical improvements

Advisers in all five agencies helped develop new financial policies and procedures, particularly with procurement and budgeting, and based on the PFMA and General Orders. These have led to better financial management and better, more cost-effective use of funds, although improvements are difficult to quantify. As one adviser pointed out, there may be no overall savings in the budget, but the benefit is greater value-for-money in expenditure.

The quality and timeliness of budgets have improved in all agencies. It is likely that the advisers had a 'hands-on' role to achieve this and several more budget preparation rounds may be needed before the process is fully embedded. Three agencies improved their relationships with Treasury and have a better understanding of what Treasury requires. One adviser noted the assistance provided by ECP advisers working in Treasury.

Financial controls have improved by introducing simplified procedures, checklists, templates and standard forms and batching. These improvements help reduce errors, ensure that correct procedures are followed and correct authorisations are obtained. Some advisers helped agencies develop procedural manuals.

Some agencies, at the adviser's prompting, enlisted external help to get bank reconciliations and external reporting up to date. External assistance came from Treasury or private accounting firms, or by recruiting temporary diploma-level finance officers. However, this is ongoing as both bank reconciliations and statutory reporting need to be done on a regular basis.

Advisers in three agencies have been involved in planning for the replacement of financial accounting systems. One agency is DoW, a pilot for IFMS implementation and discussed in the DoW case study. The other two agencies plan to implement a new package as an interim measure prior to IFMS roll-out.

Advisers in two agencies have helped re-establish an internal audit function. In one case this arose because the DoF wanted to put in an expenditure controller which, according to the adviser, was a 'penalisation' approach. The adviser successfully advocated a capacity building approach, which saw the agency setting up its own internal audit function.

How were the improvements achieved?

The logical starting point for any placement is to assess the situation or baseline. The more recently appointed advisers have written a situation analysis report⁴⁸ to establish the existing level of capacity and identify major challenges and opportunities of the placement. Their reports focus more on weaknesses and problems – they make little or no mention of strengths and potential. Advisers generally assess the baseline themselves; only one shared the situation analysis report with a counterpart for comment and amended it before submitting it to the ASF. In another case, the adviser noted that the situation analysis formed the basis for 'robust discussions'. Another conducted a survey of internal customers of the finance section to understand issues, but did not include the counterpart in the process believing it might have prevented the customers from speaking frankly. In two cases, an external audit provided useful information on the baseline and helped build the case for change.

Having established an understanding of the baseline, the advisers developed work plans in consultation with their counterparts, and where possible, ensured that these reflected their agency's work plan. Some prioritised the work focusing on areas of greatest impact or to get quick wins, such as payroll cleansing and reconciling figures between the agency and DoF so managers could rely on the figures. In such cases, although this was not a deliberate strategy, it helped to establish the advisers' credibility with their counterparts. Another strategy was to ensure that the departmental secretary's needs were addressed. For example, one adviser learned upon starting that the secretary had not seen any financial reports, and quickly discovered that regular reports were produced by the DoF but had not been made available to the agency.

An unexpected benefit of uncovering a fraud in one agency was to help the manager realise that proper financial controls were lacking. Tasks he thought were being done in fact were not. This realisation made it easier for the adviser to help implement new procedures to tighten controls.

⁴⁸ The need for a formal baseline report is a recent ASF requirement. It is likely that earlier advisers would have done a situation analysis but did not write it as a formal report.

All advisers brief and train the staff they work with, typically through on-the-job training and mentoring. Some start with a formal training needs analysis or competency assessment and as a result have held off-job training sessions, including on fraud detection and ethics. One adviser stated that while workshops were important and useful, most real and sustained learning occurred at the workstation while staff undertake their tasks in real time. Informal training, sitting with officers one-on-one, whiteboard diagrams and impromptu lessons or stories were found to be effective.

Other specific capacity building tools and techniques mentioned by advisers and counterparts are outlined in the box below.

Box 1: Techniques and methods used by financial management advisers

Building the relationships – *views from counterparts*

- We work in partnership with the adviser – work together and criticise each other.
- We work hand-in-hand.
- The adviser encourages me to have the weekend off and recognises I have a family.
- I'm learning from the adviser the difference between personal and work issues.

Building the relationships – *views from advisers*

- Patience to work with managers who are uncertain, recognising it takes time to build trust in a relationship.
- Include the counterparts in all meetings that the adviser holds, such as with DoF and with donors.
- Adopt a conciliatory rather than confrontational attitude when dealing with other departments.
- Visit regional/provincial offices with counterparts to build relationships.
- Work actively on relationships with counterparts.

Capacity building tools and techniques

- Consultation
- Work with what is already there – find out what procedures already exist, and what staff already know
- Talk openly about ethical behaviour
- Coach counterparts when they come in with questions
- Provide useful advice and assistance
- Keep repeating messages – and also recognise that it can be demanding for the staff, so make a joke of it and give them a break from the adviser
- Use failures and mistakes as opportunities for learning
- Help build confidence, as staff often have prior skills and knowledge
- Recognise there needs to be a payoff for the officer to change – what's in it for them?
- Work with their agenda, what they want to achieve
- Use positive feedback and encouragement to reinforce the good behaviour
- Never yell at or abuse staff
- Stress the professionalism and importance of finance work – as a service to the rest of the agency
- Reinforce the idea that finance is an honourable and ethical profession
- Explain why activities and processes need to be done, rather than just tell staff how to do them
- Include a play in a training workshop to get the points across about procurement
- Ensure that at least two people attend training sessions to provide backup if one is away or leaves
- Model professional behaviour (for example, being on time for meetings and meeting deadlines)
- Use physical objects whenever possible to overcome problems of lack of understanding of technical terms. For example if you are discussing budgets, find prepared ones and use them.
- Improve (internal) service delivery by educating and encouraging customers to demand improved financial reporting.

Use of external sources

- Use external support from DoF, Treasury, DPM
- Encourage counterparts to build relationships with these central agencies
- Use an external audit report to set the work program for improvements
- Make reference to the legislation that the agency is operating under
- Encourage use of private-sector accounting firms and recruitment of temporary staff

Teamwork with other advisers

- Work jointly with other advisers in the agency. For example, we jointly ran a workshop with all corporate services staff, then provided follow-up support back in the section.
- Have discussions with finance advisers in other agencies.

Senior level support

- Support from and engagement with the secretary has been very important.

On personal qualities, some counterparts mentioned the importance of having an adviser with professional accountancy qualifications. However, it seems that qualifications are important for credibility and relationship building ('we can speak the same language') rather than for the technical knowledge, as the advisers consider that the technical aspects of the work are not difficult. One adviser has qualifications in accountancy and human resources, and this was recognised and appreciated by counterparts who valued the adviser's skills in capacity building and change management.

Agency staff also had the following comments about their adviser's personal qualities, saying that their adviser:

- was a role model for me
- is a straight talker, which I appreciate
- tries to understand us as people
- is open, frank, direct and honest.

Ongoing challenges

Perhaps the greatest challenge facing the financial management advisers is in **encouraging people to change** and continue with the new methods of working. Both advisers and GoPNG officers recognise this challenge with one counterpart noting 'it is easy for people to go back to the old ways.' One adviser noted that the agency had had many consultants, advisers and external investigators over the years, and officers had become adept at the process of interviews and information gathering. However 'underneath the surface of all this action, there remains passive resistance to significant change.'

One complication is that even when finance staff accept the need for change, there is no guarantee the rest of the agency will change. It can be difficult for finance officers to enforce changes such as requiring correct documentation and authorisations, particularly when dealing with a more senior officer, someone with informal authority, or where their customers are used to speedy and unquestioned service. It is also difficult for finance staff to implement changes that will adversely affect the financial situation of staff members.

A second challenge is the **tension between doing the work and building the capacity** of staff. This is acute in finance where there is relentless pressure to get work done: travel allowances and bills need to be paid, financial reports produced and budgets submitted. Advisers and counterparts are generally aware of these pressures and resulting tensions. In some cases there was concern that the adviser was not doing enough capacity building. In

others the advisers sensed that counterparts would be happy for the advisers to take on more of the work. One adviser working in a department that is short-staffed even helped with routine work, which the staff appreciated.

There is no easy answer to the dilemma of balancing capacity development with ‘getting the job done’. Clearly there are times when it makes sense to use the adviser’s knowledge and expertise to complete a task if resources are not available, or if there is a tight deadline that could not be met unless the adviser is involved. In such situations, the adviser might consider doing the work to meet the deadline, then using the experience retrospectively, to build the capacity of the staff who will need to handle the work in the future. These circumstances also provide an opportunity to discuss how to reduce the need for ‘crisis management’ and improve staff’s ability to work to tight deadlines.

While the standard approach to on-the-job training allows advisers to undertake a task to demonstrate what must be done, this technique should not be overused. Using advisers as an extra pair of hands can create goodwill, but it is not sustainable and only masks long-term problems of understaffing.

A third challenge relates to the greater **likelihood of irregularities** in finance sections than in other parts of the agency. The way advisers handle potential issues is important and requires sensitivity. ASF advice in such situations is that the advisers should not get involved except to bring the matter to the senior management’s attention. This happened in two cases and resulted in staff being dismissed and being charged in court.

In some cases, the adviser identified irregularities caused by lack of knowledge or the misunderstanding of rules rather than by deliberate fraud. Where this resulted in overpayments to staff, the agency took steps to implement the correct rules, and eased acceptance of the change by not seeking to recover overpayments. Implementation of the correct rules is the responsibility of senior management, and there is little an adviser can do if staff members do not comply.

A final challenge – one that affects all advisers – is the **lack of human resources** due to understaffing, a lack of qualified and experienced staff, and labour turnover. This may be an even greater issue in finance as there is constant demand outside the public service for people with financial management skills and knowledge. Again, there is no simple answer other than to recruit and train more staff than is necessary, on the assumption that some will leave. One adviser wrote a paper on succession planning which included a professional training and development plan. Another discussed developing a graduate recruitment program within the agency. A third started a training program to ensure staff are multi-skilled, to reduce the impact of staff turnover. Such initiatives should be encouraged, particularly if they aim to increase the total number of trained staff, rather than simply attracting them to the agency at from other public sector agencies.

Sustainability of results

Two agencies have had sequential financial management advisers. These placements can therefore provide evidence of the extent that the work of the first adviser was sustained.

In the first agency, the reports of the first adviser made encouraging reading in terms of what was achieved. This adviser focused on improving and documenting accounting systems, consolidating ledgers, and providing substantial training to staff on the job and through

workshops. Relationships with other sections of the agency, with DoF and with donors improved.

At the time of the evaluation, these achievements appear to be sustained. The second adviser, who started six months after the first adviser finished, commented that the first adviser had ‘left a legacy of qualified trainers and well-documented systems.’ One key counterpart has since been promoted to assistant secretary and acknowledged the help and learning provided by the first adviser. Another indication of sustainability is that the second adviser’s terms of reference have a management focus rather than being primarily technical. This suggests that the basics are now in place. The area that appears not to have been sustained is the relationship with DoF, which the new adviser found ‘testy’.

Fewer achievements were sustained in the second agency. The reported achievements from the first adviser and the situation as reported by the second adviser in the situation analysis report are given in the box below.

Box 2: Financial management achievements reported by successive advisers		
First adviser	Second adviser – situation at start of placement	Result
New chart of accounts to bring vote structure into line with organisation structure	Sustained and has had an impact	√
New job descriptions for finance staff	Sustained and useful	√
Payroll cleansing	Probably sustained – no mention as a current issue	√?
New procurement policy and procedures	No evidence that these had been implemented or even known about	X?
Finance staff could run training sessions on new procurement processes	No evidence that this has been sustained	X?
Monthly ‘hot spot’ report on agency performance with major exceptions highlighted	Lapsed – person producing it was promoted, no one else trained to do it	X
Monthly user-friendly financial report sent to managers	Lapsed – finance staff only sent it on request from managers	X
Weekly finance section meetings with action-based minutes and resolution of major issues	Lapsed, being reinstated with encouragement from adviser	X
Improved budget preparation procedures, incorporating the Public Expenditure Review and Rationalisation (PERR) process, public sector reform and agency’s strategies	Focus on process, little attention paid to strategic issues	X
Full set of financial management processes and procedures available both online and in manuals	No documented financial policies and procedures in the agency (according to situation analysis)	X
Bank reconciliations being brought up to date with assistance from Department of Finance	No longer up-to-date	X

Contributing factors include staff turnover at lower levels, the relative shortness of the first adviser’s input and the 12-month gap between placements. It appears that the new processes and approaches had not become a habit, so staff lapsed back to old ways of working. There is evidence that some issues relate to the preparedness of the agency to implement change, something that one senior staff recognised.

Despite the disappointing results from the first placement, there is a sense more generally the changes implemented with assistance from financial management advisers would be sustainable. Advisers and counterparts cited a number of factors to support this view:

- The change in the way advisers work and in the counterparts' expectations of how they will work – one adviser noted that an early challenge was to get staff to shift from talking to doing, particularly as they had been used to relying on advisers to handle the work
- Greater recognition of the need to strengthen management skills – advisers' terms of reference changed from focusing on making technical improvements to developing financial and other management capacities
- Recognition that placements need to be longer than one year
- A move away from projects – some officers were involved in previous donor-funded projects and reported that the changes introduced by the project were unlikely to be sustainable. In the case of NACS, there was no capacity built by the sector program; instead, the ad hoc development of financial practices in response to project requirements meant that the adviser had to first 'undo' bad practices.

Conclusion

The key points emerging from this case study include:

- The use of external bodies such as external auditors to conduct a financial review, which can be a good lever to gain agency support for change and might be considered to be a prerequisite before an adviser is provided to the agency. The adviser can then focus on helping the agency implement the changes and build capacity, rather than raising issues over non-compliance or other irregularities
- Where a major government-wide program is being implemented, such as IFMS, there should be an agreed approach across relevant ASF placements as to the adviser's role and whether additional resources are needed
- The similarity of financial management work in agencies might provide opportunities for cost-effective approaches. There is already some informal networking between advisers to share ideas and this could be strengthened. One adviser was not aware he could access procedural manuals developed by other advisers.
- Given the lack of financial management skills across all agencies and issues of sustainability (as finance-trained staff are in demand), there may be opportunities to provide cost-effective, off-job financial management training across several agencies. Training could be supported on the job by advisers (similar to the advisory support for DoW participants at Divine Word University).
- Different models of advisory support should be considered, particularly to improve sustainability after an initial two- or three-year placement. Models include: one financial management adviser working across two or more agencies; or periodic support during critical times.⁴⁹
- Technical financial management skills and knowledge are not enough; to be effective, the advisers need good capacity building skills. The commitment of staff at all levels is critical to the success of placements.

⁴⁹ Unfortunately, the annual financial management events usually occur at the same time for every agency.

Annex 8: Case study – Progressive engagement in DLPP

Introduction

In 2001 the Secretary of the Department of Lands and Physical Planning (DLPP), approached the Advisory Support Facility (ASF) Board for advisory support. He saw a need for supporting change in several areas of the department, but the Board opted to take a progressive engagement approach, initially providing a planning adviser to work with senior management to redefine DLPP's mission and to develop a corporate plan and a more appropriate departmental structure. This two-year ASF assignment proved DLPP's commitment to change and led to a request for two more advisers being approved by the ASF Board for 2004 – one in the area of change management and one in information systems, communications and technology (ISCAT).

This case study focuses on the placement of the ISCAT adviser.

The situation prior to ASF support

The corporate planning exercise identified key areas for development if DLPP is to more effectively meet its mandate. One area of major concern was IT systems and communication, and the revised structure included an ISCAT division. However, in 2004 the division was not functioning well, despite the efforts of the staff appointed to it. ISCAT was unsure of its role, priorities and where it should be heading. It lacked an adequate budget and officers were 'making do' with whatever equipment they could 'cobble together'. Crucially, the Lands and Geographic Information System (LAGIS), which managed the lands system across PNG – generating revenue of K20 million per annum – was running on an ancient server, with no reliable backup and little prospect of being upgraded. Equipment across DLPP was limited, obsolete, and often riddled with viruses; there was only basic networking at headquarters, and none at all at the important regional offices.

ISCAT officers, without clear direction or a budget, were operating in 'firefighting' mode, doing what they could with inadequate resources and staff to meet day-to-day IT demands within the department. Morale was low, resources were inadequate, and only four of the team had formal IT training. The manager (an IT graduate) was acting in a leadership position and unsure of his role, responsibilities and how to manage and motivate the team. There was a help desk but customer service was poor, with up to 400 outstanding calls at any time and an ever-growing backlog. Staff were compartmentalised into operations and administration and conducted their work with little interaction with their colleagues. Although they operated within a 'division' they were not a team.

Without the internal capacity even to determine needs or cost proposals to maintain LAGIS or upgrade systems, the division was at the mercy of external IT vendors. These vendors demanded payment up-front, which left the division with no bargaining power if work was not finished to required standards. DLPP was spending more than K3 million each year for external IT and systems support, making it difficult for senior management to allocate additional funds to upgrade internal systems, or to break the nexus with external providers.

But positive forces were also at work – the Secretary knew the IT situation had to improve. If it did not, he recognised the substantial risk to LAGIS, its vital land information and the revenue it generated. He was committed to improving the situation and supported the appointment of the ASF adviser and the recruitment of new staff to the ISCAT team. Also,

the ISCAT manager had a vision of where he wanted DLPP positioned in terms of IT and communication. Given the right resources and support, he hoped to upgrade LAGIS, install adequate back-up systems, have a web presence, connect HQ to the regional offices and move to less reliance on external IT companies.

The situation three years on

All DLPP computer systems are now working effectively and efficiently. The upgraded LAGIS server is backed-up daily to an external site. Most regional offices are linked through a new local area network (LAN) and an updated operating system, which operates virus-free. The customer-focused help desk runs efficiently, using software to log calls, allocate tasks and track progress. Indeed, outstanding tasks now average less than 10.

DLPP also now has a comprehensive website, developed by the ISCAT team itself, which is used extensively by customers and the general public. It logged 50,000 hits in its first month. The department has its own intranet site, also developed in-house, which provides easy access to all relevant policies and procedures and a number of computer-based training packages.

The ISCAT division has taken control of the IT functions within DLPP. It no longer relies on external vendors but, where needed, is able to negotiate with them to get the best deal at the best price. There is now a strong team culture in ISCAT, with the artificial divisions long gone. Staff members support each other, morale is high and there is a sense of pride in the workplace. This teamwork is recognised by others, with the ISCAT team running two workshops on team building approaches for officers and advisers from several other departments.

Management and leadership have significantly improved, with a collegial model now in place. Weekly meetings are the norm, with officers taking turns to chair meetings and write up minutes. The ISCAT manager is now confident and respected and able to deal effectively with senior management, external companies and staff.

Staff members are now highly skilled technically, and are effectively training others across the department. They have grown professionally and personally, and recognise the need to keep up-to-date with the constant changes in IT. As one said: 'Taking on the challenge of being the team leader for the web development, with a team of 10 to 15 people from 8 divisions, has been the biggest achievement of my life.' As this ASF placement came to an end in 2007, the ISCAT staff took the opportunity to reflect on what they had achieved in the past three years (Box 1).

Box 1: Skills and knowledge developed by ISCAT staff**Team building**

- I became more cooperative and a team player.
- We learned the importance of teamwork to achieve objectives.
- I have more courage and wisdom when working with the team.
- We learned about team building...and learned how to discuss in groups.
- We learned about team building qualities, then talked about them at workshops for others.

Planning skills

- We learned about IT strategic planning and how it links to the department's strategic plan.
- We learned how to do SWOT analysis.
- We have goals, targets and deadlines.
- We were encouraged to think big and look ahead.

Management skills

- I am now helping to develop the younger staff in our team.
- I've learned management skills such as dealing with issues straight away, giving praise often, inviting staff to give me feedback on my management style, and encouraging staff to take responsibility and ownership.

Presentations and confidence

- I am prepared to speak at meetings, especially about what we have achieved as a team.
- I have learned how to speak in public and make presentations, and am now more confident.
- I've changed from being a 'quiet cookie' who rarely talked to having much more confidence and being able to speak in public.

Stakeholder relations, including customer service

- We understand now that our role is to provide a service to our users, even if they don't appreciate it.
- I have learned how to support over 100 users.
- I learned to 'under-promise and over-deliver'.
- I learned about negotiation and bargaining skills when dealing with IT vendors.
- I learned to follow-up phone calls and face-to-face meetings with an email, so I had a written record of what was discussed.
- I have become more proactive in undertaking surveys to improve services and equipment.

Personal development

- I've learned to be more diligent in my work.
- I have been inspired to go back to university and to study psychology.
- Never stop learning; you are never too old to learn something new every day!
- I'm now prepared to take more risks.
- I found I could handle the pressure when everyone was away.
- I now know ways to handle the pressure of work at times of stress.
- I learned about personal goal setting, gaining confidence and having respect for one another.

How was this change achieved?

The adviser and the IT manager decided that the most urgent issue was to get the server and network functioning reliably – little could be done until this was achieved. Working together, they drafted a simple, clear request to management (and ultimately Treasury) for funding, framing it in business rather than technical terms. Treasury, perhaps convinced by the argument to protect revenue, quickly approved a large grant for infrastructure. With the funds available, the new server and the crucial back-up facility could be secured from a supplier. The adviser used this procurement exercise as a capacity building opportunity, to help ISCAT staff learn how to deal with IT vendors. The process took more time but the result was a much better deal, with payment upon completion, staff training included and, most

importantly, the ISCAT team now understanding the procurement process and the power they have as a large customer.

Overall, the adviser's approach during the three years was to look for capacity building opportunities that could be embedded within the ISCAT work. One striking example was when it came to designing and developing the DLPP website. The traditional (and easiest) choice was to commission an outside provider to handle the project, at a cost of up to K100,000. But the IT adviser and the manager decided to develop the website internally by training DLPP staff to design, develop and maintain it. A detailed proposal was prepared, including costs and staffing requirements, which was supported by the secretary and management. A project manager was appointed to lead a team of 10 officers representing every division in DLPP. Over several months in 2004–05 this team was trained and developed the DLPP website, which was launched by the Minister in June 2005.

This in-house option took longer but was far less expensive, more sustainable, was owned by all, and involved significant capacity building for everyone involved. Specialist skills such as project management, web design, content development and maintenance were demystified along the way and are now held in-house, thereby reducing the need to rely on external providers in the future. This proved to be the case when DLPP later decided to establish an extensive intranet site.

Throughout his assignment, the IT adviser looked for opportunities to foster teamwork within ISCAT and to encourage collegial rather than hierarchical approaches. Working with the IT manager, he undertook team building activities and, over time, working as a team became the norm for most activities within ISCAT. The IT manager and his two deputies played a major role in making this approach successful. They were willing to leave the comfort zone of their offices to work alongside less experienced team members rather than just issuing instructions, to share information, and to hand over responsibility at times.

Capacity building was the focus of this advisory role and the adviser approached it in a variety of ways. Individuals were able to develop relevant skills, often through practical activities such as those described above. Along with this on-the-job training, more formal approaches were used, such as one-to-one skills transfer, funding attendance at external training courses and providing weekly in-house training sessions. The weekly training was initially led by the adviser, but later by team members who became responsible for learning about a topic and sharing their knowledge with their colleagues. The ISCAT team also took up the challenge of building capacity across the department, establishing a computer training room, addressing identified training needs and purchasing computer-based training packages for basic applications.

But the adviser's view of capacity building was even broader. He was aware that technical skills and even teamwork would achieve little in the long term if some of the fundamental problems within many PNG departments were not also addressed – such as low morale, poor attendance, tardiness, lack of motivation, weak commitment, and the lack of a service culture. The adviser's approach to tackling these problems was based on developing close relationships, setting an example and influencing behavioural change. He got to know staff individually, finding out their strengths, problems, motivations and ambitions. He was generous with praise and encouragement, and looked for opportunities for staff to use their talents and experience success. He treated them with courtesy and respect, showing genuine interest in their personal and work lives and freely sharing his knowledge.

As the adviser gained their trust, he was approached for advice and able to mentor individual officers. This provided opportunities for staff to raise issues, which were addressed directly and honestly. In other words, issues were not buried or kept quiet but rather were discussed openly in weekly meetings. This led to broader discussions on values, beliefs and ethics, facilitated by using ‘virtues cards’ developed by Canadian researchers.⁵⁰ At the end of each weekly training session, one staff member picked a virtue card, with everyone sharing what it meant for them. Participants committed to practise the virtue over the following week and to support each other in doing so.

Box 2: The ISCAT team’s views of how the adviser worked with them	
<p>Individual and group capacity building tools and techniques, adult learning principles</p> <ul style="list-style-type: none"> • He was a great mentor, trainer and coach. • He encouraged us to plan and set goals, both personally and for the team. • We put into practice what we had learned with web design through doing the Intranet development, so it reinforced the learning and we could capitalise on what we had learned. His role was to coach and mentor us. • He gave us projects to do for ourselves. • It’s OK to ask silly questions. • He will sit down with the person and tell them if they are not doing something right. • He worked at our level and with us, side by side. Previous consultants had just worked on their own PC. • He didn’t do the work – rather, he showed us how to do it, and then encouraged us. • I could learn from him even by chatting informally during coffee breaks. • We would play a game at a workshop, then he would ask us: ‘What did you learn from the game?’ That was a new approach for us. • He encouraged us to take ownership and responsibility. • He made it clear that he was here to help us, and would only step in if we were on the wrong track. • He encouraged us to think about how we wanted to see ISCAT improve, through SWOT analyses, strategic planning and action plans. • We held team workshops off-site. 	<p>Motivational techniques</p> <ul style="list-style-type: none"> • He provided a lot of encouragement. • He encouraged us to try something new. • We had fun! • There were 10 praises for one criticism. • He gave us a surprise party. <p>Personal qualities of adviser</p> <ul style="list-style-type: none"> • He acted on his words. • He wanted to give his learning to us: ‘Your success is my success.’ • His time was always available. • He never got angry. • He was approachable, like a father figure to me. <p>Social and cultural aspects</p> <ul style="list-style-type: none"> • He understood our culture.

⁵⁰ For more information: www.virtuesproject.com.

Box 3: The adviser's view of how he worked with the ISCAT team

Individual and group capacity building tools and techniques, adult learning principles

- Find what learning method suits your counterparts best and why, then use it.
- Help counterparts to set personal goals as a means of learning how to develop work plans.
- Run training courses (in your field) yourself and use the training as an opportunity to also build soft skills.
- Encourage reading and share what you have read recently.
- Appreciate and acknowledge differences in ability and skills and don't let it be a source of disunity.
- Encourage the use of music and arts as a creative tool for learning and problem solving.
- Take a 'process approach' by involving all relevant stakeholders in defining and understanding complex problems and developing solutions.
- Recognise the need to build 'soft skills' – leadership, values, incentives, motivation, power relations and organisational culture.
- Make information available on the agency's intranet.

Motivational techniques

- Catch people doing something good and recognise, appreciate and encourage them.
- Build on small successes and celebrate them.
- Make participants successful in what they do.
- Make the workplace exciting and interesting.
- Get to know the Agency and your counterparts well and find out what interests and excites them.
- Make learning fun and interesting.
- Provide daily support, supervision, encouragement, reminders, coaching and at times a little bit of push and pull.
- Find what makes each individual counterpart tick and use it to encourage them.
- Work on soft skills.
- Use creative and different ways to say and do the same thing.
- Consult with staff and implement their good ideas, particularly on 'doing more with less'.

Personal qualities and approaches of adviser

- Always act as a good role model.
- Be enthusiastic about your work and show it.
- Learn about adult education theories and practices.
- Know your (technical) subject well, and also

- Appreciate the opportunity of sharing and learning together with agency counterparts.
- Never take anything for granted and be humble.
- Have faith in staff and their abilities.
- Show genuine respect and patience.
- Don't get involved with office politics and infighting. Act as a bridge, don't take sides.

Empowering women

- Provide opportunities for women to showcase their skills and knowledge.
- Encourage and promote gender equality.
- Discuss the importance of gender equality and the role of women.

Active encouragement of senior level support

- Seek executive management support by keeping them informed and asking for their opinion.
- Keep ASF informed at all times.

Social and cultural aspects

- Share special occasions (birthdays, anniversaries, etc.) with your counterparts and colleagues.
- Respect your counterparts' religious and spiritual beliefs and encourage common aspects of all religions.
- Respect cultural diversity and local customs.
- Promote healthy diet, exercise and moderation by finding useful information on the web and distribute it on the intranet.
- Have genuine concern for counterparts and their families, always ask how they are especially if they are not well, or are in trouble. This will strongly connect you with them.
- Share with your counterparts what you have learned from your overseas trips: bring postcards, pictures and movies to share with them.

Use of external sources and opportunities for capacity building

- Get ASF involved with what you do and use their visits as a special occasion for the agency.
- Expose the team to outside organisations.
- Use the web to your benefit.
- Encourage networking and create opportunities for networking with your counterparts.
- Network with other ASF advisers in other agencies.

<p>know adult learning principles.</p> <ul style="list-style-type: none"> • Be keen and generous in sharing your skills and knowledge with your counterparts. • Emphasise sharing, not teaching, skills and knowledge. • Use common sense and consult with others. 	<p>Other</p> <ul style="list-style-type: none"> • Share trips to regional offices with as many counterparts as possible and take the opportunity to get to know them better. • Good luck!
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Are the changes sustainable?

Members of the ISCAT team are confident they have made such significant changes that they will sustain their way of working as a team. They are continuing with the project to link up the provincial offices, and have a vision to continue this networking at the district level. Weekly meetings continue, group discussion is open and strong and issues are addressed as they arise. A twinning scheme has been established with the Queensland Department of Natural Resources and Water, and initial visits and exchanges have been made. The Memorandum of Understanding between the two departments includes ongoing IT support and advice.

Despite the positives, there are some threats to the sustainability of the changes made during the last three years. First, the ISCAT team is well ahead of the rest of DLPP in performance and culture. While they are keen to work with other divisions to build greater teamwork, it is unrealistic to expect the team to bring about such changes alone – ongoing senior-level commitment and internal reform champions will be needed. Secondly, there is a risk that the technical achievements may not be sustainable in the longer term, as operating systems and software change. However, largely because of the broad approach to capacity building adopted by the adviser and the ISCAT manager, the team is well prepared to face future challenges. They are empowered and enriched and unlikely to retreat from the gains they have made, personally and professionally.

Conclusion: A strategic approach to capacity building

The specific tools, techniques, approaches and personal qualities that contributed to the success of this ASF placement have been identified by the ISCAT team and the adviser, as outlined in the boxes above. However, more general observations can be drawn from this placement, relating to the strategic capacity building approach adopted by the adviser. These include:

- An analysis of the ISCAT situation and staff was made initially and priorities for capacity building action developed.
- The team worked together to develop a strategic plan for ISCAT.
- Personal relationships were vital and much work and energy went into these.
- High-impact issues (e.g. website) were identified and used as capacity building opportunities.
- Some quick wins were used to build motivation and gain commitment to further change.
- Senior management was kept informed to ensure their support and buy-in.
- Sustainability was a goal from the outset, not left to the end (for example, they pursued the Queensland twinning scheme to provide a support option).
- The adviser ‘worked himself out of a job’ over the three years.