

NEW ZEALAND AGENCY FOR INTERNATIONAL DEVELOPMENT
&
GOVERNMENT OF PAPUA NEW GUINEA

**COUNTRY PROGRAMME STRATEGY
2008 – 2018**

July 2008

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Acronyms and Abbreviations

ACIAR	Australian Centre for International Agricultural Research
ABG	Autonomous Bougainville Government
ADB	Asian Development Bank
AusAID	Australian Agency for International Development
ASF	Australian Advisory Support Facility
BCPP	Bougainville Community Policing Project
CACC	Central Agencies Coordinating Committee
CBHC	Community based health care
CBO	Community based organisation
CDS	Community Development Scheme
CEDAW	Convention on the Elimination of all forms of Discrimination Against Women
CPS	Country Programme Strategy (NZAID)
CSP	Country Strategy and Program (ADB)
CSO	Civil Society Organisation
DCD	Department of Community Development
DCS	Development Cooperation Strategy (AusAID)
DPI	Department of Primary Industry now DAL
DPLGA	Department of Provincial and Local Government Affairs
DPM	Department of Personnel Management
DPs	Development Partners
DNPM	Department of National Planning & Monitoring (formerly Department of National Planning and Rural Development)
ECP	Extended Cooperation Programme (AusAID)
ESWCHP	East Sepik Women's & Children's Health Project
EU	European Union
FER	Functional and Expenditure Review
FAO	Food and Agriculture Organisation of the United Nations
FMIP	Financial Management Improvement Programme
FPDA	Fresh Produce Development Agency – previously the Fresh Produce Development Company
GDP	Gross Domestic Product
GDI	Gender-related Development Index
GoPNG	Government of PNG
HDI	Human Development Index
HRD	Human resources development
HSIP	Health Services Improvement Programme
HSIPMB	Health Services Improvement Programme Management Branch
ICT	In-country training
IDP	Internally Displaced People
ISP	Institutional strengthening project
JDPBPC	Joint District Planning & Budget Priorities Committee
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
K	Kina – the currency in PNG
LLG	Local Level Government
MDGs	Millennium Development Goals – adopted by the UN General Assembly in September 2000 pledging that all 189 UN member states will achieve certain development goals by 2015
MFAT	Ministry of Foreign Affairs and Trade (New Zealand)
MNCL	Melanesian Centre for Leadership
MTDS	Medium Term Development Strategy for PNG
MTFF	Medium Term Fiscal Framework
MTRF	Medium Term Resource Framework
NADP	National Agriculture Development Plan

NAQIA	National Agriculture Quarantine Inspection Service
NARI	National Agriculture Research Institute
NDAL	(National) Department of Agriculture and Livestock
NDOH	National Department of Health
NEC	National Executive Council
NEFC	National Economic and Fiscal Commission
NFE	Non formal education – learning that happens outside the traditional school setting
NGO	Non government organisation
NGOCB	NGO Capacity Building
NOL	New Organic Law 1995
NZ	New Zealand
NZAID	New Zealand Agency for International Development
NZDS	New Zealand Development Scholarships
PDOH	Provincial Department of Health
PDPI	Provincial Divisions of Primary Industry
PERR	Public Expenditure Review and Rationalisation
PFM	Public Financial Management
PIP	Public Investment Project
PPII	Provincial Performance Improvement Initiative
PMF	Performance Management Framework
PNG	Papua New Guinea
PSRMU	Public Sector Reform Management Unit
SPC	Secretariat of the Pacific Community
SNI	Sub-national Initiative
SSSPP	Smallholder Support Services Pilot Project (ADB-funded)
STTA	Short-term Training Award
SWAp	Sector Wide Approach – a way of providing development assistance that strengthens national ownership and helps build nationally managed systems with the support of donors and lenders
TA	Technical Assistance – usually in the form of advisers
UNDP	United Nations Development Programme
UNFPA	United Nations Family Planning Agency
VHW	Village Health Worker
VSA	Volunteer Services Abroad (NZ)
WAG	Women in Agriculture
WB	World Bank

Summary

The aim of this strategy is to provide a concise and rational strategic direction for the NZAID-Papua New Guinea bilateral development programme from 2008–2018. It takes account of the lessons learned from the previous 5-year strategy, and the development context and challenges faced by PNG.

Poverty in PNG is pervasive and people have limited opportunities to increase their livelihoods, a situation exacerbated by the deterioration in infrastructure and poor delivery of social services, especially in health and education. Currently over half the population live in poverty and over 90 percent of those poor people live in rural areas. The development challenges facing PNG and its development partners are to reduce poverty; advance gender equality; improve governance; generate broad-based growth; improve quality, access and delivery of social services; and address the growing impact of HIV/AIDS.

The government of PNG works towards addressing these challenges in part through five-year Medium Term Development Strategies, and with the assistance of several development partners. Recent plans include the development of a Long-Term Development Strategy 2010-2030. The next ten years present opportunities for a principled partnership between NZAID and GoPNG which will focus on the elimination of poverty through two key strategic objectives, and at the same time will champion HIV/AIDS and the empowerment of women and gender equality.

The goal of the strategy is thus:

“To contribute to a just society, free of poverty, through equitable and sustainable social and economic development of PNG and all its people”

The strategic framework for the programme will be :

Strategic Outcome 1 – Improved social services responsive to need
❖ Improved access to quality service delivery in health and education, particularly for women and girls
Strategic Outcome 2 – Improved livelihood opportunities for rural people
❖ People enabled to improve their livelihoods – including access to livelihood and enterprise development services, and to markets
Championed throughout the strategy and programme :
❖ Gender equality and the empowerment of women ❖ HIV/AIDS – awareness and prevention

The components of the strategy will be phased in over time and as NZAID resources permit.

SECTION 1 - INTRODUCTION AND BACKGROUND

Introduction

NZAID's five-year Country Programme Strategy (CPS) 2002–2007 is closing and a new strategy has been developed to provide a road map for NZAID's increasing support to Papua New Guinea. The aim of this strategy is to provide a concise and rational strategic direction for the bilateral NZAID-PNG programme for the ten years from 2008. This takes into account PNG's policies, priorities and programmes; NZAID's policies and guidelines, especially its focus on poverty elimination; and activities supported by other development partners (DPs).

The PNG Development Context and Challenge

The PNG economy can be described as being highly dualistic – an industrialised enclave-based formal sector dominated by mining that produces most of the country's export earnings; and a large informal rural sector, composed of subsistence and semi-commercial agricultural production that provides the livelihood for the majority of the population. Overall poverty is pervasive and unemployment is high, with limited opportunities for increasing livelihoods in much of the rural sector, constrained by the deterioration in infrastructure and poor delivery of social services, especially in health and education. The fundamental development challenges facing PNG can be summed up as: reducing poverty; advancing gender equality; improving governance; generating broad-based growth; improving service delivery; and tackling HIV/AIDS¹. Governance is complicated by the diverse and fragmented nature of the country, having over 800 distinct languages and a clan-based social structure.

Since independence in 1975, PNG has had a mixed record in terms of stable and consistent government, with periods of short-term and volatile government. However more recently, the situation has improved. For the first time since independence a government has served a full term from 2003 to 2006. The conduct of the 2007 national elections and the formation of the new government with a minimum of turmoil and disruption provide further evidence of the maturing and stabilisation of PNG political processes.

Economic performance

PNG's economic performance has yet to achieve its full potential. Despite being richly endowed with natural resources and receiving considerable income from these, the benefits have not been received by the majority of the population. Most poverty-related indicators have worsened. In the first 10 to 15 years following independence, PNG achieved reasonable progress but during the 1990s and early 2000s the economy retracted and poverty increased. Since 2003, macroeconomic performance has improved considerably as a result of increased revenue through higher international commodity prices, soundly based macroeconomic policies and stronger fiscal management.

PNG has maintained fiscal discipline over the past five years and is providing a greater proportion of its own development budget. Real GDP growth is currently (2007) around 4.5 percent per year, (not significantly ahead of population growth of 2.7 percent) with inflation of around 3 percent contained within the target range. After 4-years of accelerating growth with increased production from the mining sector and increased

¹ PNG's Medium Term Development Strategy (2005-2010) cites three over-arching strategic priorities (good governance; export-led economic growth; and rural development, poverty reduction and empowerment through human resource development) and seven pro-poor expenditure areas.

public expenditure this is expected to underpin the economy in the next few years, with recent projections of growth easing back to 3.5 percent in 2008, in a context of softer global prices for key commodities and sustained business and consumer confidence.

The government achieved a fiscal surplus for three consecutive years (2003-2006) which is being used to retire debt and to fund increased development spending. Total public debt has fallen from 67 percent of GDP in 2003 to an estimated 39 percent in 2006 while public external debt has declined from 46 percent of GDP to about 21 percent over the same period.

Total public expenditure in 2006 was K6,162 million, divided between 70 percent for the recurrent budget and 30 percent for the development budget. The Government's 2007/08 budget increased again and was the largest in PNG's history. The possibility of substantial additional revenues from liquefied natural gas exploitation during the period of this strategy may change the macro-economic outlook considerably.

The economic gains to date have been concentrated in the mining and commodity sectors and have not resulted in broad-based improvements in people's livelihoods.. The challenge for the future is to translate the opportunity presented by the improving economy to convert resource revenues into equitable, nationwide, sustainable development outcomes, especially in the rural areas where the majority of the population resides.

Poverty and Human Development

Poverty is pervasive in PNG and there has been a steady deterioration in the living standards for most of the population for the past two decades. The 1996 National Household Survey is the most recent baseline for making projections for poverty and it is evident that the incidence of poverty has continued to rise since the survey took place.

In 1996 it was estimated that 37.5 percent of the population were living below the national poverty line. By 2005 it was estimated that this had risen to 39 percent of people living on less than US\$1 per day (in terms of 1993 purchasing power parity) - up from 25 percent in 1996. Over half the population is now projected to be living in poverty and the results of the recent economic recovery have not yet translated into significant poverty reduction. Over 90 percent of people living in poverty live in rural areas and there are large disparities between urban and rural areas and between different regions, even within provinces.

PNG's per capita income as measured by the UN in 1996 was approximately US\$770 - close to the average for low income countries and well below the average for the East Asia Pacific region of US\$1,863 per capita. Although a recent increase in per capita income is recorded for PNG, this primarily reflects increased income from the formal enclave sector as a result of better commodity prices and does not reflect a broad-based improvement in household incomes.

There is high inequality of income and this is closely related to the remoteness and isolation of poor areas, low levels of adult literacy, lack of access to markets and services and limited productive potential because of poor soil, difficult terrain, pests and climate.

With one of the highest population growth rates in the Pacific region, PNG's population is increasing at about 2.7 percent per year, and a significant proportion (about 40 percent of the population) is under the age of 15. This adds to the burden of delivering essential social services, including universal primary education, an important aim of the government. At present only 53 percent of the pupils who enrol in the first grade

complete primary education. As one of the key global education goals is the completion of primary schooling by all boys and girls, these figures indicate that PNG is a long way from achieving this goal.

Gender equality and the empowerment of women

The status of women in PNG is generally lower than for men, and there are large gender inequalities and restrictions on women achieving equal participation in economic activity. Women have lower levels of educational attainment, poorer access to health care, and receive a smaller share of household income than men. Domestic violence against women is widespread and women's ability to participate in economic, social and political life is constrained by entrenched gender stereotypes, threats of violence, fear, limited freedom of movement and the increased risk of contracting HIV/AIDS.

Although GoPNG has ratified the UN Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), and it is incorporated into national policies, strategies and laws, the plight of women has not improved and the situation is one of the poorest in the world. In an environment dominated by men the obstacles to removing inequalities for women will take time and a major shift in attitudes to improve.

In 2006, PNG ranked 139th out of 177 countries in the UNDP Human Development Index, having fallen from 136th of 175 countries in 2003. PNG's human development indicators score poorly in the East Asia and Pacific (EAP) region and for the group of low income countries, as shown in the following table.

Table1 : Comparison of Human Development Indicators

Indicator	PNG	EAP	Low Income
Life expectancy at birth (years)	56	71	59
Infant mortality (per 1,000 live births)	64	26	75
Maternal mortality ratio (per 100,000 live births)	370	117	684
HIV prevalence (% of total population aged 15-49)	1.7	0.2	1.7
Literacy rate (% people 15 and older)	57	91	61
Primary school enrolment (% gross)	75	111	104

Source: World Development Indicators (SIMA & HNP stats) Data are for 2005, or most recent available.

Note: Gross primary enrolment refers to total enrolment in primary school (including over-age children) as a percentage of the primary school-age population.

Human rights

The 2006 US State Department report on human rights in PNG noted that the government generally respected the human rights of its citizens; however, there were serious problems in some areas. Human rights abuses included: police abuse of detainees, including of children; poor prison conditions; lengthy pre-trial detention; infringement of citizens' privacy rights; government corruption; violence and discrimination against women and children; discrimination against persons with disabilities; and continuing inter-tribal violence. Gender based violence and abuse of women is high and pervasive and shows no sign of abatement. Weak delivery of key social services at the local level also profoundly impacts people's ability to realise rights to health and education.

HIV/AIDS

Described as a country in the grip of a generalised HIV/AIDS epidemic, this has serious implications for the social fabric and economic performance of PNG. In 2007 the GoPNG estimated that 1.28 percent of the population lived with HIV/AIDS, with two thirds of all infections in rural areas. Recent AusAID research has predicted that without effective interventions HIV infections could increase to over half a million, or 10 percent of the adult population, by 2025. Gender inequality, high levels of violence against women and poor access to sexual and reproductive health care are fuelling the spread of the virus. Although GoPNG has recognised the problem and established an institutional, legal and strategic framework for dealing with HIV/AIDS, the response so far is regarded as being inadequate to deal with the potential threat.

Physical infrastructure

The poor condition of much of PNG's physical infrastructure is a serious constraint which is affecting the livelihoods of many rural people and limiting access to markets and social services. Currently about 85 percent of main roads and almost all feeder roads are impassable for some time of the year. An estimated 17 percent of the population does not have access to any sort of road and 35 percent live more than 10 km from a national road. Furthermore shipping and air services for isolated communities have also declined, and wharves and airstrips are deteriorating through lack of maintenance.

Only 7 percent of the population have access to electricity, and in some regions there is a total lack of electricity, which has implications for the functioning of important social infrastructure such as health posts and schools. Access to telecommunications is also amongst the lowest in the world, although recently the situation has improved dramatically, particularly in rural areas, with the entry of a new mobile phone provider in mid-2007 and the subsequent expansion of the national carrier's coverage. This important development is likely to have a big impact on increasing the economic competitiveness for rural areas, helping to reduce the urge to migrate to urban areas and the associated pressure on housing, employment, services and public health facilities.

The environment

The policy and legal framework for sustainable natural resource management in PNG is incomplete with under-resourced management agencies and a lack of capacity. Poor governance and accountability has allowed the unsustainable exploitation of natural resources, and environmental pollution. There is a need for greater environmental awareness and institutional control to support sustainable economic growth. PNG is also susceptible to natural disasters such as volcanic eruptions, earthquakes, floods, tsunamis and extreme weather events and this is expected to be further exacerbated by global climate change.

Papua New Guinea's Policies, Plans and Strategies

The *Medium-Term Development Strategy 2005-2010* (MTDS) sets out the government's development plans and development partners have aligned their support to this. The government has recently decided to establish Long-Term Development Strategies (LTDS) lasting 20 years, with the first covering 2010-2030. It is intended that the LTDS will be legislated and 'locked in' place so that it will not be affected by possible future changes of government. The MTDS will continue, subsumed under the LTDS.

The MTDS is supported by the *Medium-Term Resource Framework* and the *Strategic Plan for Supporting Public Sector Reform 2003-2007* (SPSPSR). In essence the current MTDS promotes three strategic priorities:

- good governance, including public sector reform and political stability
- export-led economic growth, focusing on sectors with comparative advantage
- rural development, poverty reduction and empowerment through human resource development.

It gives priority to pro-poor expenditure in seven priority areas:

1. Rehabilitation and maintenance of transport infrastructure
2. Promotion of income earning opportunities
3. Basic education
4. Development-orientated informal adult education
5. Primary health care
6. HIV/AIDS prevention
7. Law and justice.

Sectoral Planning documents

PNG has a good resource of planning documents and strategic plans for most sectors. Important planning and strategic documents recently prepared by the GoPNG include *The National Agricultural Development Plan 2007-2012* (NADP) which is intended to be the overarching plan for the sector. Its goal is to stimulate growth and sustainable development of the agricultural sector by:

- underpinning the MTDS
- guiding sector development through alignment of resources with priorities
- determining the planning process and institutionalising the planning system to coordinate agricultural sector development
- determining institutional arrangements for the implementation of the NADP
- contributing to food security.

In 2006 the *National Transport Development Plan 2001-2010* was revised to align better with the MTDS' direction and priorities. The government and DPs led by AusAID provide considerable support to the transport sector as infrastructure is recognised as one of the most important catalysts to growth and development.

PNG has several policy frameworks relating to the health sector including the *National Health Plan 2001-2010* and the *PNG Health Sector Strategic Plan 2006-2008*, which defined programme policies and strategies, and the more recent *HIV Prevention National Strategic Plan 2006-2010*.

Strategic direction for the education sector is provided by the *National Education Plan 2005-14* (NEP), and a plan for universal basic education that is under development by the National Department of Education.

The law and justice sector has a sector policy in place and all agencies involved with the programme have developed 10-year programmes (corporate plans) aligned to the sector strategic framework.

PNG has a good resource of planning documents and strategic plans; the constraints to development seem to lie in their implementation.

Implications of decentralisation

PNG's decentralised system of government pushes the main service delivery burden on to poorly resourced lower-level local government, which struggles to provide services. Obstacles include poor leadership and management at national and provincial level, bottlenecks in financial flows, and weaknesses in partnerships between the different levels and agencies of government. Organised consumer demand for better services is weak, coupled with a lack of accountability for the service providers and leadership.

In the past there has been a tendency for Development Partners (DPs) to bypass local government through the use of CBOs/NGOs and/or the setting up of parallel project structures. However, a funded, effective and accountable local government system is critical for providing basic services equitably and maintaining essential infrastructure. This in turn will underpin sustainable rural livelihoods, particularly given the public-goods nature of many of the constraints such as roads.

Improving service delivery in the short-term depends partly on making better use of service delivery partners outside government. In the longer term it will depend on public sector reform and a strengthening of civil society to improve the leadership, accountability and motivation of national and front line staff and make the functions of government work appropriately at all three levels – national, provincial and district.

As a consequence, the GoPNG and the DPs now show a greater focus on supporting service delivery systems at provincial and district levels, and on strengthening and using GoPNG systems in relation to policy, planning and budgeting, monitoring and reporting, financial management, and procurement. For example, the AusAID Sub National Strategy is designed to strengthen provincial governance, with ripple-out effect to the district level. The GoPNG has recently budgeted to provide K200,000 per district per year for agricultural development activities under the NADP.

Development Partner Activities

PNG receives substantial support from DPs, of which the Australian programme is by far the largest, currently in the order of A\$500 million per year (around 15 percent of public sector resources). Under its Enhanced Cooperation Program (ECP) 2004, advisory personnel are deployed in advisory and in-line positions throughout the GoPNG. Australia's aid to PNG is guided by the *Papua New Guinea–Australia Development Cooperation Strategy 2006–2010* (DCS) which is aligned with PNG's own MTDS and MTFS. The alignment of the DCS and the MTDS reflects a partnership between PNG and Australia, with a specific focus on supporting Government of PNG to use its resources to implement the MTDS. The four core pillars or focus areas include:

- i) Governance and nation building (about one third)
- ii) Sustainable growth and productivity (especially roads, agriculture, and private sector development)
- iii) Improved service delivery and stability
- iv) HIV/AIDS.

Support to the rural development sector is currently limited to supporting agricultural research and providing contestable grants.

The Asian Development Bank currently provides around NZ\$40 million per year for projects in public financial management, private sector development, transport, health, and HIV/AIDS. JICA provides around NZ\$50 million per year, mostly for infrastructure

projects. The European Union's programme of around NZ\$50 million per year covers rural development and education, and the United Nations agencies fund around NZ\$12 million per year to support governance and crisis management, human development, sustainable livelihoods, gender equality, and HIV/AIDS.

The World Bank has provided a reduced level of support in recent years following an unsatisfactory evaluation of its assistance in the 1990s, but it plans to re-engage with PNG on a long-term basis and in the medium-term provide assistance for two pillars:

- i) Promoting sound management of the economy and natural resources
- ii) Improving livelihoods and service delivery to poor people, under the overarching objective of poverty reduction.

Other key bilateral partners include China, Germany, and Korea. The IMF has a Resident Representative in PNG working closely with the GoPNG on macroeconomic issues and conducting periodic consultations.

In addition to the support from multilateral and bilateral DPs, PNG also receives support from various international and national NGOs, CBOs, faith-based organisations, and the private sector. One important source of development assistance is from the Papua New Guinea Sustainable Development Program Ltd (PNGSDP) which is responsible for distributing royalties and dividends from the Ok Tedi mine. This institution was established in 2001 by the GoPNG and mining company, BHP Billiton, as an independent trust devoted to investing a portion of profits from the Ok Tedi mine to promote sustainable development for the benefit of the people of Western Province and the rest of PNG. Principal areas of focus include infrastructure, rural development, energy, micro-finance, and community development. Other mining ventures also provide funds and development assistance for the communities associated with the area where they are operating.

New Zealand's current programme provides support for rural livelihoods development, health, education, law and justice, governance, and civil society. New Zealand is a relatively small player compared to Australia and other donors. However in terms of its reputation and brokerage, New Zealand is a highly regarded and important DP in PNG.

(See attachment in Annex 3 for a list of current development partner programmes.)

Donor Coordination and Harmonisation Mechanisms

Donor coordination has been improving and good progress has been made in promoting dialogue between DPs and aligning development programmes to national goals. In 2005 the GoPNG instituted an annual joint Government-Donor Consultation Forum and has established a series of thematic working groups to stimulate dialogue and coordination in key cross-cutting areas.

GoPNG and its development partners issued a joint statement in early 2008 that committed them to localise the principles of the 2005 Paris Declaration on Aid Effectiveness and define targets and actions to improve aid effectiveness by 2012.² GoPNG is keen to lead the donor harmonisation process and development partners are making an effort to strengthen communication and consultation in outlining their assistance in support of the MTDS and MDGs.

² This is the "PNG Commitment on Aid Effectiveness : A joint commitment of principles and actions between the Govt of PNG and Development Partners" 2008

ADB, AusAID, and UN have recently prepared new development strategies and the EU, WB and NZAID are in the process of developing theirs.

The Paris Declaration sets out to harmonise development efforts in support of nationally owned poverty reduction strategies, strengthen country systems, improve accountability for achieving development outcomes, and reduce the burden imposed on national staff by diverse donor systems and procedures. The DPs are committed to working in this way.

A SWAp has been adopted in the health sector to enhance coordination and aid effectiveness. It is anticipated that similar sector-wide approaches may soon be applied in the education, transport, and law and justice sectors. SWAps provide a more flexible mix of inputs, timed to meet developments on the ground, and the potential for more effective PNG leadership of its own development agenda.

DPs are also interested in working together on joint programmes. Recently ADB, AusAID, and WB have attempted to work together to support the GoPNG in developing a Human Development Strategy and in implementing Public Expenditure Review and Rationalisation (PERR) recommendations to streamline governance and public management. In addition, the ADB, AusAID, and the World Bank are working towards improving harmonisation of approaches within the transport sector.

DPs have collaborated on other programmes. NZAID is working with AusAID and the ADB for the social marketing of condoms in the health sector, and with AusAID, the World Bank, EU, and UNICEF in a coordinated DP group in education. Increased joint collaboration is expected in the future and the WB has expressed an interest in working with NZAID, and possibly the EU, in rural livelihoods focusing on improving rural service delivery at the local level. The PNGSDP is also becoming an important development partner, providing co-finance with international DPs. A further trend is the move toward joint evaluation and review missions.

Performance Monitoring

GoPNG developed a performance management framework (PMF) for the MTDS in 2006, with support from AusAID. The MTDS PMF is intended to provide GoPNG with the means to track progress in the implementation of the MTDS and to give policy-makers the evidence they need to take action and allocate resources. While there have been improvements in some basic indicators, PNG is still a long way from meeting most of its MTDS targets and the MDGs. The trend and latest performance assessments for sectors were published in the *Pocketbook 2007* – see table 2.

The PMF is a combination of focusing on developmental outcomes in line with the MDGs, and a measure of the functionality and efficiency of government. It is deliberately results-focused, reflecting the ambitious vision engendered in the MTDS. It is composed of 13 sectors, each comprising 4–7 indicators.

Table 2: MTDS PMF Scorecard 2007³

Sector	Trend (2000-05)	Latest Performance (most recent change)
MTDS Priority Expenditure Areas		
1. Primary and preventative health	-2	2
2. HIV/AIDS prevention	0	0
3. Basic education	1	1
4. Development orientated adult education	-3	3
5. Transport maintenance and rehabilitation	0	2
6. Income earning opportunities	1	0
7. Law and Justice	-2	1
Cross-cutting Areas		
8. Gender	-1	1
9. Environment	1	1
Major Reform Agendas		
10. Macro economy	4	5
11. Governance	-3	-1
12. Public expenditure management	2	3
13. Public sector reform	1	-1

Source: MTDS PMF Pocketbook 2007, DNPM

The indicators are qualitative, rather than quantitative, which has the advantage that they can be applied simply and are easily understood by non-sectoral specialists. The indicators under each sector are intended to reflect key aspects of sector performance and will match with one or more of the following five indicator categories:

- access to services
- quality of services
- achievement against target *Outcomes*
- evidence of *Government's Contribution* to results
- evidence of good *Management* and *Efficient Approach* to improving services.

New Zealand's PNG Country Strategy: 2002-2007

NZAID's Country Strategy for PNG ran from 2002 to 2007/08. It was based on the findings of a review of NZODA to PNG in June 2002⁴ and was developed in accordance with PNG's Poverty Reduction Strategy (PRS) of the time which was to be integrated into the MTDS 2003-2007 and aligned with priority development areas.

It was designed to focus activities in four sectoral areas: (i) rural livelihoods for women and youth; (ii) maternal and child health care; (iii) basic education; and (iv) strengthening civil society; all show a close match with the GoPNG priorities.

However, in practice, NZAID's current assistance to PNG is focused on five key sectors in selected provinces:

- primary health (particularly maternal and child care)
- basic education

³ A positive score (between 1 and 5) indicates that development is taking place, while a negative score (between -1 and -5) indicates that the sector is in decline. The first assessment was presented in the *Pocketbook 2007*

⁴ New Zealand ODA to Papua New Guinea: Country Strategy Review June 2002

- rural development and sustainable livelihoods
- governance and leadership
- strengthening civil society.

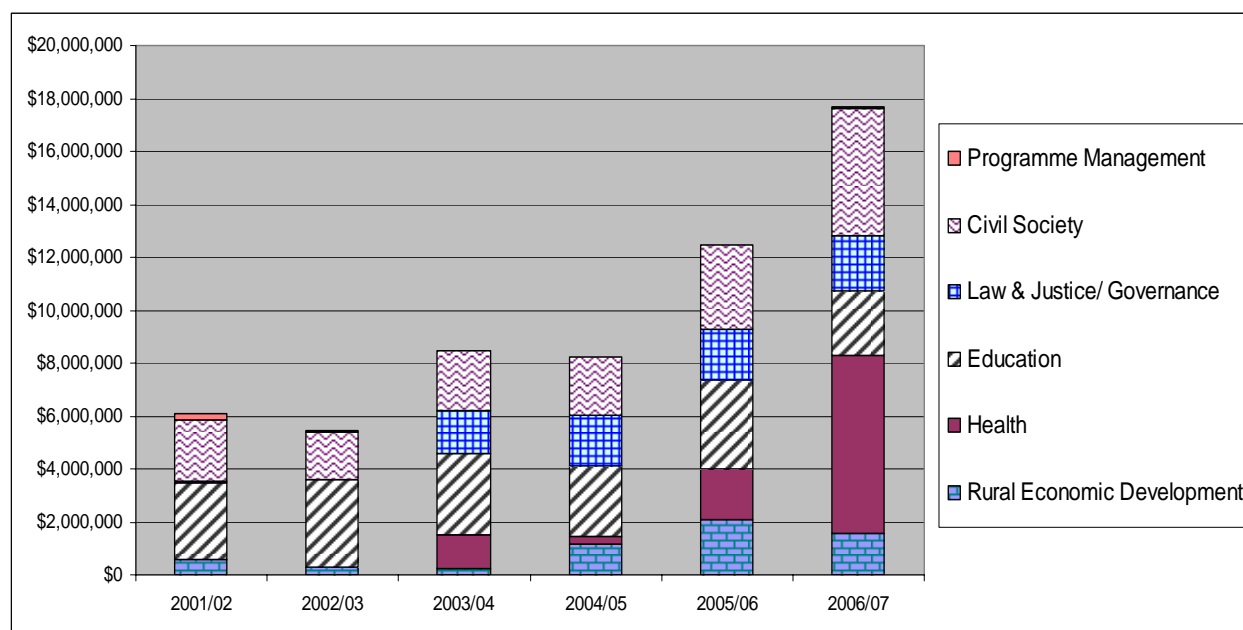
During the five year period from 2001/02 to 2006/07 the actual level of expenditure varied considerably from a low of \$5.46 million in 2002/03 to \$17.8 million in 2006/07. The allocation between the five sectors noted above also varied, as can be seen in Figure 1. NZAID funding of \$21.5m in 2007/08 is projected to increase to \$30 million in 2009/10.

Effectiveness of NZAID strategy for engagement in PNG 2002-2007

A desk study review of NZAID’s programme of assistance to PNG was prepared as part of the CPS preparation. It examined the responses to a number of recommendations⁵ that had been made for the 2002-2007 strategy by the 2002 NZODA review and identified a number of issues and lessons that have affected the effectiveness of the current strategy. These issues and lessons have been taken into account in the preparation of the new strategy.

NZAID’s 2002-2007 PNG country strategy is briefly described in [Annex 1](#).

Figure 1: NZAID Expenditure to PNG for 2001/02 – 2006/07



Source: NZAID

Strengths noted in the Review:

- Although New Zealand is a relatively minor development partner (in monetary terms) in PNG compared with a number of other donors, NZAID has a reputation and influence that is much greater than the level of assistance it has been able to offer to date. New Zealand is regarded as a committed partner in the Pacific – supportive, principled and committed to a stable and economically prosperous Pacific. New Zealand’s small size and impartiality means that it often occupies the middle ground and can play an important mediation and coordination role with other partners.

⁵ See Annex for the full recommendations and responses

- NZAID has recognised the change in focus of development assistance with increasing use made of the sector-wide programmatic approach, based on government processes, as part of the transition to longer term sector support. NZAID also works consistently towards harmonisation of procedures by strengthening and increasingly working through PNG systems in line with the Paris Declaration on Aid Effectiveness.
- New Zealand has a special relationship to Bougainville stemming from the successful brokering of the peace agreement in 1997 and the support for community policing and other assistance which is much appreciated and held in high regard.

Issues noted:

- The Programme was too diverse and covered too many activities/sectors

Response in the new strategy: a more strategic approach is planned with fewer stand-alone activities and many subsumed under programmatic approaches.

- A lack of an exit (sustainability) strategy for programmes highlighted the need for planning for the conclusion of assistance with a phased hand-over of responsibility to the government, or other local partner agency.

Response: programmes to be phased out will be subject to reviews and sustainability assessments and/or subsumed under longer term programmatic approaches.

- Lack of attention to gender led to a failure to respond adequately to gender issues. Gender equality was not mainstreamed across all programme activity, nor was the need for stand-alone programmes to support gender equality and women's empowerment recognised or pursued.

Response: NZAID will address gender specifically with support to DCD, as well as championing gender equality throughout the programme.

- Management support to the programme at the Post in PNG was under-resourced.

Response: an additional senior post is to be established in PNG, and this strategy is predicated on appropriate levels of management and technical resourcing being made available.

- Loose application of processes was shown for the economic and financial evaluation of programmes and a lack of a systematic monitoring and evaluation of projects and programmes.

Response: a more programmatic approach is planned which builds on PNG's systems of monitoring and evaluation; a results framework will be developed in the first year of the new strategy. In addition, NZAID has recently adopted the DAC guidelines on monitoring and evaluation.

The new strategy 2008-2017

NZAID has considered carefully the strategic application of its assistance to PNG, particularly the role that can be played in engaging with development partners to maximise influence and support sustainable national and sectoral development strategies, such as through NZAID's involvement in the health SWAp. In view of the need to have a more concentrated and tightly focused strategy, the application of development assistance to where NZAID can make a real difference is even more

important. The development issues in PNG fall well within NZAID's overarching policy objective of poverty elimination.

The issues identified in the desk review and explored in the Country Strategy Review Mission in September 2007, the background and country analysis in Section 1 of this strategy document, and lessons learned from implementation of the current strategy, have informed the development of a new 10-year strategy for New Zealand's engagement with Papua New Guinea, detailed in Section 2.

SECTION 2 - STRATEGY FOR NEW ZEALAND'S SUPPORT FOR DEVELOPMENT IN PAPUA NEW GUINEA: 2008-2018

Introduction

New Zealand's strategy for development support in PNG over the next 10 years seeks to support the people of PNG in their human and economic development. The goal of the strategy is thus:

"To contribute to a just society, free of poverty, through equitable and sustainable social and economic development of PNG and all its people"

NZAID will work towards this goal in accordance with its guiding principles, as stated in its policies and the 'Pacific Strategy'⁶ and work with partners and the international community to eliminate poverty.

Rationale for NZAID engagement

Despite PNG's reasonable recent macro-economic performance, analysis of the social sectors in PNG⁷ generates deep concern. Overall PNG has the worst social indicators in the Pacific: low average life expectancy (57 years), increasing prevalence of HIV/AIDS, low levels of adult literacy (about 63%⁸), and higher infant mortality than most countries in the region. Women have lower life expectancy than men, lower participation rates in education (except at primary school), and suffer very high rates of maternal mortality (370/100,000) and gender-based violence.

PNG has one of the highest rates of population growth in the Pacific region at about 2.7 per cent per year, and depending on the impact of HIV/AIDS, the population is projected to double over the next 20 years. In addition, 87% of the population live in rural areas that remain geographically isolated and inaccessible with limited communications infrastructure. There are more than 800 languages and language groups, sometimes as small as one village community. Not surprisingly, PNG was ranked 139 out of 177 countries in the 2006 Human Development Index (since reported as having slipped to 145).

PNG's per capita income as measured by the UN in 1996 was about US\$770 which is similar to other low income countries, and well below the average for the East Asia Pacific region of US\$1,863 per capita. The recent increase in per capita income recorded for PNG does not reflect a broad-based improvement in household incomes.

Law and order remains weak in PNG and internal stability is a serious concern, especially in the Southern Highlands province. This is a constraint on economic growth and the delivery of social services. Successfully addressing these challenges requires sustained and deep relationships with stakeholders. New Zealand-brokered peace talks in 1997 helped bring about the successful resolution of the nine-year (1989–1998) secessionist conflict in Bougainville. Consequently, New Zealand has supported the

⁶ Policy documents guiding the strategy include "Achieving Education for All", "Achieving Gender Equality and Women's Empowerment", and "Towards a Strategy for the Pacific Islands Region"

⁷ See also two analytical and background papers on the situation in PNG and AusAID's programme of assistance prepared for Australia's White paper on the Aid Programme, December 2005: Papua New Guinea: Analytical Report for the White Paper on Australia's Aid Program, Prepared by Alan Morris and Rob Stewart, September 2005, and

Core Group Recommendations Report for a White Paper on Australia's aid program, December 2005

⁸ However, recent research indicates that only 15.6% of people are literate; 39.6% semi-literate; and 45.1% are illiterate: Educational experience survey, ASPBAE and PEAN, October 2007

peace process with the aim that peace and stability will facilitate the rejuvenation of Bougainville's agricultural and mining sectors.

New Zealand is regarded as an important partner by PNG government representatives and DPs because of its capacity for development partnership and sectoral dialogue and the Pacific experience which it can bring to the table in PNG. As a smaller, more flexible development partner, NZAID can work at both national policy level and also in (selected) provinces and districts, supporting PNG in improving opportunities and livelihoods for its majority rural population, including specific support for the different needs and interests of women, and working to eliminate entrenched poverty.

Guiding Principles

The strategy will adhere to the following principles :

Principles of the Strategy
❖ Support government leadership in the formulation and implementation of national and sub-national development policies, strategies and plans
❖ Be consistent with the principles of the 'Paris Declaration on Aid Effectiveness' and the 'Kavieng Declaration on Aid Effectiveness', which include: <ul style="list-style-type: none"> ○ government ownership ○ alignment ○ harmonisation and simplification ○ managing for results ○ mutual accountability.
❖ Use PNG Government and non-government systems, personnel and institutions to the maximum extent, and where such capacity does not adequately exist, actively work to develop capacity
❖ Adopt a mutually consultative and respectful approach between NZAID, the PNG Government, civil society and other development partners
❖ Champion the importance of addressing cross-cutting development issues including gender, human rights, the environment, conflict and peace building, good governance and HIV/AIDS
❖ Provide more focussed NZAID support to enhance impact and sustainability of interventions, including appropriate staff resourcing
❖ Recognise and be responsive to emerging global and regional issues affecting PNG.

Two Key Strategic Outcomes

In order to pursue the goal of *a just society, free of poverty, through equitable and sustainable social and economic development* and in line with NZAID's *Statement of Intent 2007-10* of "having a less dispersed programme which focuses on fewer, larger, longer and more strategic activities", the strategy for PNG will be more focussed than before, and adopt a more integrated approach. It will have two key strategic objectives focussed on (i) improving delivery, equity and quality of social services and (ii) improving opportunities and livelihoods for the rural poor – both with the goal of eliminating poverty.

Strategic Outcome 1 – Improved social services responsive to need

- ❖ Improved access to quality service delivery in health and education, particularly for women and girls

NZAID Contribution

- Continued support to the **Health SWAp** (HSIP) with a focus on improving health outcomes
- Increased support to the PNG National Strategic Plan for **HIV/AIDS** and continued support for ADB's Condom Social Marketing project and UNFPA's strengthened **reproductive health** services project
- Policy engagement and technical support for the emerging **Education SWAp**, with a view to integrating the current School Journals project into the SWAp (scheduled by GoPNG to start in 2009); NZAID will assess its engagement in the SWAp during the first phase of the CPS
- Human resources development through a **Capacity Building and Institutional Strengthening** Programme that integrates the scholarships, in-country and short-term training opportunities
- Support for key **civil society** organisations

Strategic Outcome 2 – Improved livelihood opportunities for rural people

- ❖ People enabled to improve their livelihoods – including access to livelihood and enterprise development services, and to markets

NZAID Contribution

- Institutional strengthening/support for **key rural livelihoods initiatives** including Bris Kanda, FPDA, National Dept of Agriculture and Livestock, and SSSEP
- **District-level engagement** in East Sepik, Morobe and Madang provinces to strengthen service delivery through increased demand; and improved governance and resource mobilisation
- Support for key **civil society** organisations

Championed throughout the strategy and programme :

- ❖ Gender equality and the empowerment of women
- ❖ HIV/AIDS - awareness and prevention

NZAID Contribution

- Dual focus on mainstreaming a **gender perspective** across all strategy focus areas and stand-alone **gender component**
- Increased support to the PNG National Strategic Plan for **HIV/AIDS** and continued support for ADB's Condom Social Marketing project and UNFPA's strengthened **reproductive health** services project.

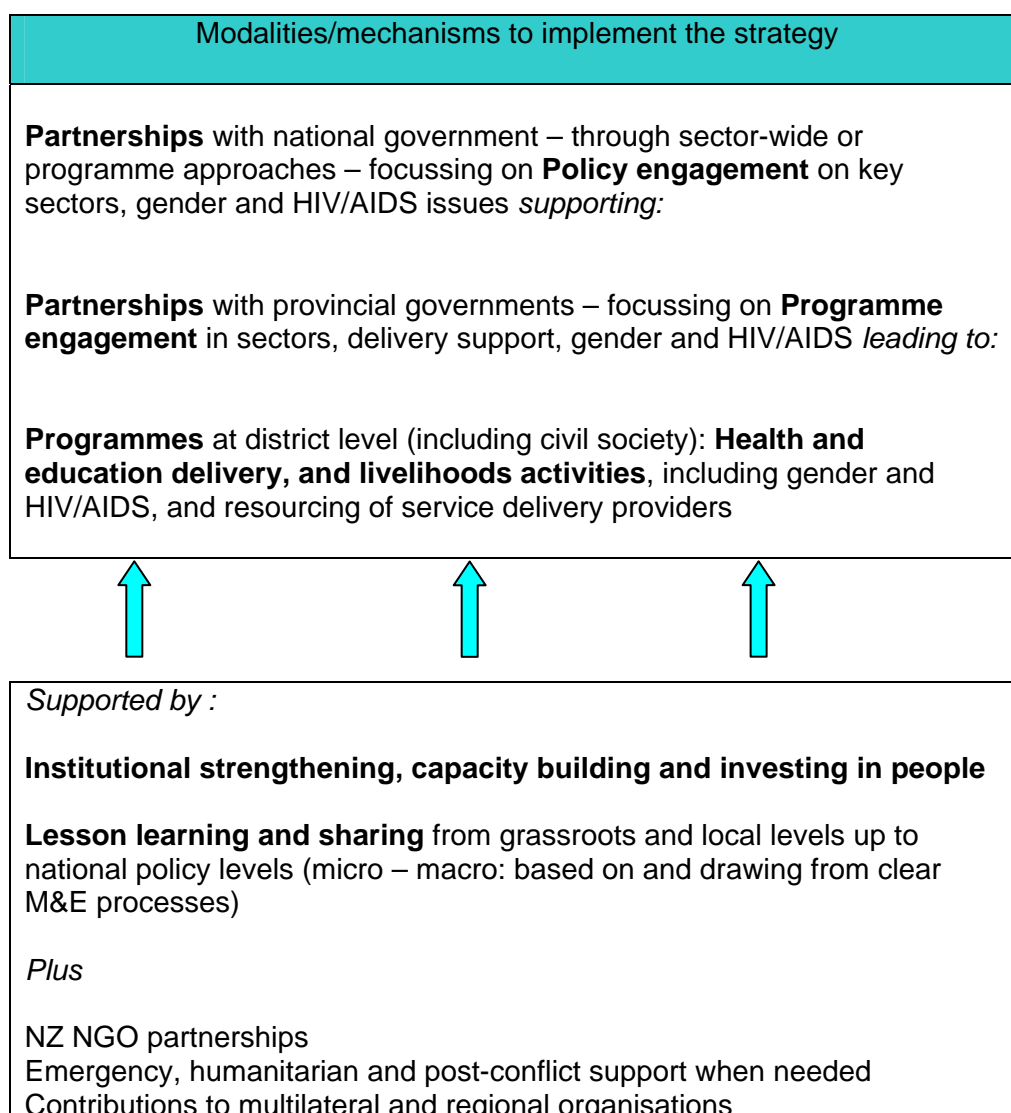
Ways of working

NZAID will work in partnership nationally and in a selection of provinces and districts with:

- different levels of government in PNG
- development partners
- institutions (that may themselves need strengthening)
- civil society.

Smaller, less strategic activities will be assessed with a view to phasing them out (including the small projects fund) or subsuming them under broader programme approaches. It will be crucial to invest properly in the human resources required to promote and implement the strategy in order to match and make good use of the projected increased financial resources for the programme.

Key modalities of assistance for this strategy will include partnerships and policy dialogue (at national level); programme development (within selected provinces); and activities/programmes supporting sectoral delivery and livelihoods development (at district level and with civil society).



This approach endorses the need to address gender issues specifically and within programmes, develop further the monitoring and evaluation of NZAID support, and enable a long-term, multi-year programme approach to be adopted.

Over the 10 years of the strategy, the programme will focus on the key developmentally-related areas of health/HIV, livelihoods and education/capacity development with an important strand of gender equality and women's empowerment running through each, and at all levels. The roles of civil society in providing services, especially to poor rural people, and in advocacy and building demand for those services will be crucial to successful implementation.

Geographical focus and selection criteria

NZAID plans to intensify its district-level engagement in a few provinces (possibly limited to three) and selected districts within them, with a view to strengthening service delivery through increased demand and improved governance and resource utilisation. Using the transparent criteria shown below, NZAID proposes to focus on – and phase in activities - in East Sepik, Morobe, and Madang Provinces in the first phase of the strategy. This footprint may be enlarged after a review of the strategy at the end of the initial phase. Bougainville will have a separate programme.

Province and District selection criteria	
Level of Poverty	Principally the NEFC's District Development Index but triangulating with other indices/analyses as appropriate
Security and Safety	Degree of comfort with potential threat to safety and security, and ability to travel and work effectively
Accessibility and Communications	Adequate air and road access and internal communications <i>[note: keeping in mind that remoteness is a key defining feature of poverty of need in PNG]</i>
Welcome and Receptivity, Vision and Leadership	Receptive to NZAID support, and with a vision and development plan <i>[note: part of NZAID's assistance might be to support the formulation of such plans]</i> and/or participation in GoPNG's PP II; and with committed leadership and political support
Potential partners and other development programmes	Having complementary development programmes of other DPs, and an active civil society or institutions willing to cooperate as potential partners
Past or present NZAID presence	A historical relationship with NZAID, or current complementary programmes to maintain a geographical focus and build on past relationships
Potential for economic development	Having an appropriate resource endowment to support broad-based economic growth and development

Components of the strategy

Objective 1 – Improving social sector service delivery – leading to improved sectoral outcomes
Strategic Outcome 1: Improved access to quality service delivery in health and education, particularly for women and girls
Support at national department level
Programmes/activities at district level to improve service delivery and ensure access and quality for all – girls and boys, women and men

NZAID will seek to achieve this objective by engaging in the health/HIV and education sectors – strengthening both the national level leadership and governance of these key sectors for development, and also contributing to improved service delivery and sectoral outcomes at the province and district levels.

HEALTH AND HIV/AIDS

Background and challenges

Health and HIV/AIDS will continue to be a major focus of NZAID support under the new strategy. PNG has a health and HIV/AIDS policy, and financing and delivery framework that are relatively well financed by the Government and DPs. However the effectiveness of service delivery is constrained by leadership and capacity challenges at all levels. Overall there has been little or no improvement in achievement of strategies, service delivery or better health outcomes. The Health Sector Improvement Plan (HSIP) and the HIV sector programme, while having mechanisms in place to better coordinate and manage government and DPs funding, are still fragile and require continuing support and refinement. There is a compelling case for NZAID's continuing support and commitment to the sector SWAp and HIV Sectoral Leadership as the most appropriate and sustainable approach to the sector. NZAID will over the life of the strategy seek to maximise the amount of resources it provides through these coordination mechanisms. Support to the sector is also provided through NZAID's programme of supporting NGOs and CSOs.

Response

The Health Sector Improvement Plan (HSIP/SWAp) will continue to be the core of NZAID's support to the sector, with a focus on improving health outcomes. NZAID funding through HSIP would initially be maintained at the current level, but could increase over the life of the strategy as HSIP/Government capacity improves.

This support will involve the continuation of the current technical/ managerial support to HSIP through funding of the HSIP Management Advisor to support the management/capacity development of HSIPMB and the identification of strategies and innovations to improve the responsiveness of HSIP to meet service delivery priorities, including internal contracting of church-based health service providers, and facilities grants. In addition NZAID will consider funding a new Health/HIV Advisor to guide NZAID's engagement with GoPNG and DPs on the development of HSIP and to support the more detailed programme areas of support.

Outputs of support for the HSIP are anticipated to be:

- improved efficiency and effectiveness of the HSIP
- strengthened human resource management in NDOH
- improved quality of human resources for Health
- strengthened community health capacity
- improved sexual and reproductive health capacity.

There are a number of important areas within the health sector that currently receive relatively little attention under the HSIP planning and priority-setting mechanisms. Dialogue at the policy level during the life of the strategy could bring them into the SWAp approach and provide funding and support for them.

HIV/AIDS

NZAID will increase its level of support to help support the implementation of the PNG National Strategic Plan for HIV/AIDS and its recently developed Gender Policy. This response proposes a greater involvement of civil society and includes provision of capacity development and funding support to NGOs to design and deliver HIV interventions, including gender sensitive/ appropriate interventions and those focusing on rural and remote areas. It will be important to build on lessons from experience elsewhere in the world where the HIV/AIDS pandemic has taken hold earlier, and is already being addressed.

In addition, NZAID would continue to support the jointly-funded (NZAID/ADB/AusAID) Condom Social Marketing activity, for the life of the CPS, subject to its ongoing effectiveness. The co-financing agreement with UNFPA to strengthen reproductive health services would also continue. At an appropriate time, NZAID will explore with stakeholders the capacity to include marketing additional health products under this activity, such as female condoms, contraceptive pills and implants and birthing kits.

NZAID (in consultation with other stakeholders) will devote resources/strategies to the development and dissemination of sector-specific HIV prevention and care messages in the agriculture/livelihood (and other) sectors at the district level.

EDUCATION AND CAPACITY DEVELOPMENT

Background and challenges

PNG faces big challenges in attempting to achieve the millennium development goals in education, including low enrolments, gender inequality, and poor quality and learning outcomes⁹. Currently external support for education in PNG is uncoordinated, with DPs supporting various projects and programmes across the sector as well as working with the National Department of Education (NDOE). NDOE and its Development Partners (AusAID, NZAID, WB, UNICEF and EU) have been preparing the ground for a SWAp, the Education Sector Investment Programme, over the last two years. A SWAp will bring NDOE/GoPNG leadership and ownership to the sector, bring greater focus on meeting the sectoral challenges, and enable more alignment and harmonisation among DPs.

⁹ Primary gross enrolment (GER) is 84% (2001) – roughly 70% participation of primary aged children; the completion rate of those enrolled is 53%; secondary GER is only 21%. Adult literacy is also very low - which means the majority of adults are unable to read and write.

In the 2002/07 CPS period, NZAID support to the education sector formed a major part of its bilateral support to PNG but the bulk of the funds were provided for New Zealand Development Scholarships (NZDS), Short Term Training Awards (STTA), and in-country training (ICT). NZAID gives education a high sectoral priority across all programmes and is focusing efforts on key areas to make a positive difference.¹⁰

Australia is by far the largest development partner in education and has as its primary objective:

“...to support the creation of a functioning and inclusive national education system. The system will deliver free basic education of good quality to all girls and boys as well as offering pathways to post-basic education according to ability and need.”¹¹

With this overall objective, it is anticipated that AusAID funds will increasingly be channelled through GoPNG systems “consistent with the need for adequate monitoring and reporting and timely results.” This position highlights Australia’s potential dominance in the development and financing of a SWAp. However, NDOE has requested NZAID to be a partner and to bring its experience and approach to the policy dialogue.

Response

NZAID will maintain its current level of engagement through policy dialogue and technical support to ensure that the policy setting and framework for the SWAp are robust. Full engagement in the SWAp will be assessed during the first phase of the new CPS.

Under the SWAp arrangements and in line with strategic outcome 1 of the new strategy NZAID envisages its support being channelled towards key priority areas such as technical capacity development for NDOE; and support for delivery of education at selected province/district levels, with a focus on supporting quality improvement, and increased access and retention in school, especially for girls.

The justification for adopting this approach is to support key policy and provisioning responsibilities at a national level while linking them with improved service delivery at the district and school levels, and providing a model for drawing down resources effectively to the point of delivery. DP coordination would be enhanced, and improved enrolments and learning outcomes would be anticipated in the selected districts.

NZAID will continue to provide support to the schools journals programme over the next one-two years via separate funding, with a view to consolidating this support into the SWAp as part of NZAID’s contribution once the processes and operation of the SWAp have been agreed. In the interim, NZAID is prepared to provide technical support for the development of the Education SWAp in agreement with NDOE and the Development Partners Coordination Group (DPaC).

NZAID would look to engage with NDOE and other DPs in the education sector review in 2008, leading to the development of a results framework for the education sector and SWAp (linked with the MTDS Performance Management Framework as appropriate). This results framework would then serve as the basis for joint reviews throughout the SWAp.

¹⁰ Since the adoption of its Education Strategy in 2005, NZAID aims to ensure that the share of the education budget devoted to basic education is not less than 50 percent. *Achieving Education for All*, NZAID (p 13)

¹¹ Concept Paper: A Program Approach to Education in Papua New Guinea, AusAID, revised draft, March 2006 (pp.2-3)

Training and capacity development

Background and challenges

Traditionally, NZAID has provided scholarships to New Zealand, in-country training and short-term training attachments in PNG. While still a valuable and appropriate modality, this approach could be improved and consolidated into a “Capacity Development and Institutional Strengthening programme” that takes account of New Zealand’s comparative advantage and values and PNG’s development priorities and needs.

This programme would provide innovative capacity development opportunities for national, provincial and district officials, CSO service providers, and institutional partners. It would be an appropriate mix of scholarships, attachments, distance learning, in-country training and other study awards or approaches, including possible twinning arrangements with New Zealand training providers, as resources permit. It must be compatible with the target of 50 percent of assistance for basic education.

Response

Under the new CPS NZAID will expand its support for in-country training including the Women in Agriculture programme, and strengthen PNG institutions to provide more pre-service and in-service training and research for key sectors, such as health, agriculture and education. This would involve a refocusing of support on providing more in-country training in sectors that are directly linked to NZAID’s strategy.

Objective 2 – Improving livelihood opportunities for rural people
Strategic Outcome 2 : People enabled to improve their livelihoods – including access to livelihood and enterprise development services, and to markets
Strengthening of National Department of Agriculture and Livestock (NDAL) to implement the new Agricultural Development Plan
Programme of rural livelihoods initiatives including women’s empowerment

Objective 2 will be pursued through support for the rural livelihoods sector which will inevitably be the means of growth and provide the livelihoods for most of the rural population of Papua New Guinea. The issue of gender and women’s empowerment will be a strong thread throughout this programme.

RURAL LIVELIHOODS

Background and challenges

Government planning emphasises the rural sector and the need to support economic growth and rural livelihoods in a sustainable and equitable way - improving service delivery, security and the quality of life in those areas where the majority of the population resides. GoPNG and the DPs are providing an increasing level of funding

but there is a need to develop capacity and governance, encourage civil society and engage the private sector in development initiatives.

The rationale for increased support for rural livelihoods is that PNG's rural sector will have to be the engine of growth and provide the means of livelihood for most of the (growing) population as scope for employment in the formal sector is limited.

Response

NZAID will support improvements in rural people's livelihoods,¹² with a particular focus on improving the effectiveness of key public institutions and programmes in the agricultural sector. NZAID will also help improve access to livelihood and small/micro-enterprise development services, including those providing technical and business knowledge and skills. A market-oriented approach will inform such support. Finally, NZAID will also consider providing support for small-scale transportation infrastructure and services development where these are clearly an important constraint to livelihoods development.

NZAID has already had an engagement with the sector over a long period. Currently NZAID-supported rural livelihoods initiatives (or initiatives with livelihood components) and relationships include:

- i) Fresh Produce Development Agency (FPDA)
- ii) Bris Kanda Rural Enterprise Development Programme
- iii) Strategic Civil Society Partnerships (four).

These programmes will continue, possibly with additional support as necessary to promote their effectiveness. In addition the programme will include several new prospective "pipeline" programmes that have been identified as consistent with NZAID's objectives and suitable for support. They will be phased in according to need and resources. These include:

- i) Institutional strengthening of National Department of Agriculture and Livestock (NDAL) to fulfil its mandated responsibilities and lead the implementation of the new National Agricultural Development Plan (NADP). The form of NZAID's support will depend on the outcome of the Functional Expenditure Review (FER) of NDAL scheduled for 2008, and WB may be an additional important partner.
- ii) Supporting the consolidation and alignment of the Small Holders Support Services Pilot Project (SSSPP) approach to livelihood extension service provision, including its deepening in Morobe and EHP and its expansion to other areas as appropriate.

Further ways to support rural livelihoods will be identified during the course of the strategy, guided by the principles, key modalities and sub-national criteria contained in the strategy. These may include NZAID-initiated new programmes or giving support to the existing or planned programmes of other donors and/or GoPNG. Support for capacity development at the district level will be provided, as appropriate, to enhance rural livelihoods.

¹² The strategic directions for supporting rural livelihoods in PNG for the ten year period 2007–2016 are laid out in NZAID's Strategic Directions Paper (SDP) July 2007

Championed throughout the strategy and programme :

- ❖ Gender equality and the empowerment of women
- ❖ HIV/AIDS – awareness and prevention

GENDER EQUALITY AND WOMEN'S EMPOWERMENT

Background and challenges

Gender inequality is entrenched in many aspects of life in PNG and is a contributing factor to many development challenges. Responding effectively to promote gender equality and the empowerment of women is therefore a critical precondition for the elimination of poverty, to ensure that women and men, boys and girls are able to contribute fully to their social and economic development, and that development benefits are fairly shared. This is consistent with the GoPNG's national and international gender equality commitments, and is reflected in national policies and strategies.

Response

NZAID acknowledges that gender was not effectively dealt with in the previous strategy. Moreover there are few donors providing dedicated support to the GoPNG in this area. Given the centrality of gender issues to the development of PNG and in order to ensure that the visibility of gender-specific initiatives, NZAID will undertake an audit of current activities to examine the approach to gender issues, then phase in a dual strategy of support to ensure the mainstreaming of a gender perspective across all CPS focus areas as well as a stand-alone component on gender equality and women's empowerment. The recent NZAID policy document *Achieving Gender Equality and Women's Empowerment* will provide the basis for support.

There are broad areas of support under the gender equality and women's empowerment component of this strategy,

- Partnership with Department of Community Development (DCD) supports the strengthening of national gender machinery, policy development and operational activity (e.g. through partnership with UNDP on the Gender Equality Leadership Programme), and gender, literacy and community initiatives.
- Partnership with CSOs for delivery of gender-based violence services and gender equality advocacy supports the implementation of the HIV NSP Gender Policy.
- Support for gender-specific health initiatives such as 'one stop' centres for victims of violence in provincial hospitals and promotion of expanded family planning choices.
- Gender and livelihoods initiatives at district level where some of these gender-specific initiatives are delivered as part of sectoral programmes.

HIV/AIDS Awareness and Prevention

In addition to support through the Health/HIV component of this strategy, it will be essential that the development and dissemination of sector-specific HIV prevention and care messages is championed throughout the programme in all sectors.

CIVIL SOCIETY

Support within PNG

While there is demand for New Zealand to continue its traditional support to “service delivery” CSOs, in the new strategy a more strategic approach should be taken that better aligns NZAID support to advancing key objectives and outcomes in the major sectoral priorities and programmes supported by New Zealand; notably increasing demand for services in health, rural livelihoods and education, thus improving development outcomes at grassroots levels.

Civil society support from New Zealand

In addition to the organisations that receive direct bilateral funding from NZAID there are a number of NGOs and CSOs that also receive funds from other NZAID sources, such as the KOHA-PICD Fund, or via regional programmes that are not encompassed within the bilateral programme. NZAID will endeavour to include information and outcomes from such programmes in the lesson learning and sharing that will inform policy making.

EMERGENCY, HUMANITARIAN AND POST- CONFLICT SUPPORT

Humanitarian support in emergency and/or post-conflict situations is an important component of New Zealand’s assistance, and will continue to be provided as necessary to PNG, in line with the *Humanitarian Assistance Policy 2007*. The complex emergencies and natural disasters guidelines will provide support for decision making on appropriate contributions. While funding for humanitarian assistance will come from designated humanitarian programme funds rather than the PNG programme, NZAID will include disaster preparedness and mitigation amongst the policy considerations it brings to bilateral sectoral engagements. NZAID will also consider the long-term implications of short-term humanitarian responses, and improve the linkage between humanitarian action in PNG and the bilateral programme.

SUPPORT FOR BOUGAINVILLE

Bougainville has a special relationship with New Zealand, stemming from the successful brokering of the peace process in the late 1990s and NZAID’s support for the recovery and rehabilitation process since the signing of the peace agreement in 2003. Bougainville occupies a central and high profile in New Zealand’s assistance to PNG that spans most aspects of the programme. Bougainville will remain a specific focus during the new strategy with the continuation of support for current programmes and the development of new initiatives, such as support for rural livelihoods.

In recognition that peace and security in Bougainville remains delicate, NZAID will provide continued support for capacity development of the Community Auxiliary Police and the Police Service in Bougainville. In view of the resource constraints for the New Zealand Police, it is not intended to expand support for community policing to other provinces. NZAID will also continue to support the effective functioning of the newly formed Government of the Autonomous Region of Bougainville, through the Governance Implementation Fund providing budget support to priority government functions (in conjunction with AusAID) and support to local level planning capacity.

Support for the Healthy Communities Project - leprosy and TB, and civil society through strategic NGOs will also continue. Close collaboration with the New Zealand VSA programme on Bougainville will also be a priority.

Strategic opportunities for capacity development to support cross-cutting issues in Bougainville – good governance, environment, gender, human rights – will also be identified and supported during the CPS.

REGIONAL ACTIVITIES AND OTHER DEVELOPMENT PARTNERS

PNG participates in a number of Pacific regional organisations and benefits from various regional development activities, many of which are supported by NZAID. PNG's numerous development partnerships (including UN agencies, development banks and other bilateral partners) and associated programmes are set out in Annex 3. Development initiatives under the strategy will coordinate with and support as far as possible these multilateral, regional and other development partner activities.

RESOURCING THE STRATEGY - IMPLICATIONS

1. Partnerships

In order to develop and sustain quality partnerships with national and other levels of government, NZAID will need to resource the programme appropriately in terms of staff. This will entail provision and posting of sufficient aid management staff, technical advisers, contractors, and institutional representatives to engage in development and sectoral policy dialogue and maintain relationships of trust. Staffing will be needed both in Port Moresby (and possibly out-posted in provincial offices) and in Wellington.

2. Programmes and activities

Technical advice and management will be required in PNG to support and manage longer-term programmes and activities. Increasingly this will be sourced from local technical assistance, helping to build PNG's sense of leadership and ownership of the programmes.

3. Institutional strengthening, capacity development and investing in people

Technical advice on governance and organisational development, and specific inputs on capacity development will be required, possibly contracted through institutions or a resource centre approach.

Scholarships and flexible short-term training will provide opportunities for investment in people. Management of this aspect of the strategy will need to be resourced, and possibly out-sourced.

4. Lesson learning and sharing

An investment in more systematic programme monitoring and evaluation, based on PNG's own systems and performance management framework as far as possible, will enable greater lesson learning and sharing from practical experience to policy makers. This will require technical advice and input on M&E.

MONITORING AND EVALUATION: MANAGING FOR RESULTS

Since a key part of the rationale for working at both national and sub-national levels in PNG is lesson learning and sharing from the 'micro' to the 'macro' levels, it will be imperative to design and establish a Monitoring and Evaluation Results framework. A lesson learning and sharing approach to the strategy that includes PNG's own sources and expertise, and MTDS Performance Monitoring Framework will also be required.

The strategy will be reviewed periodically, at approximately 3-yearly intervals, to ensure that it is effective and appropriate to the context of PNG. A draft approach to Monitoring and Evaluation for results is shown in the table below. Note that the phases shown will overlap.

Monitoring and Evaluation : Developing a Results Framework



Strategic Planning Process <i>Phase 1</i>	Performance Measurement <i>Phase 2</i>	Performance Management <i>Phase 3</i>
<i>Jointly with GoPNG and stakeholders:</i>		
Identify anticipated clear, achievable, measurable outcomes - to be drawn where possible from PNG sources		
Select strategy related indicators – qualitative and quantitative	<i>GoPNG with support from NZAID and stakeholders:</i>	
<i>For NZAID agency planning:</i>	Develop performance monitoring systems	
Establish results framework for meeting PNG and aid effectiveness targets	Identify and/or develop capacity to monitor systems	<i>GoPNG:</i>
	<i>For NZAID agency assessment:</i>	Use evaluation findings to provide complementary information & explanation
	Review results with respect to aid effectiveness targets	Use performance data for accountability, learning and planning
		Report on results and performance to stakeholders and partners
		<i>For NZAID reporting:</i>
		Report on aid effectiveness achievements

TRANSITION TO THE NEW STRATEGY

It is recognised within NZAID that an increasing level of programme funding means greater responsibility to use the aid funding productively, with a focus on key development outcomes. The 10-year strategy also implies a way of working in partnership, with dialogue and longer-term programmes, as well as a link with service delivery at district and community levels. Trying to do too much without adequate resources in PNG or in Wellington would not result in the type of programme NZAID and its partner government would like to see. As a result, the strategy proposes a phased approach to cover the transition from what currently exists, to the ideal embodied in this strategy.

An implementation plan will be developed within the first year to set out how the components of the strategy will be operationalised and take forward the transition from the old to the new strategy.

Signed in Port Moresby on.....*15 JULY*.....2008

<p>For the New Zealand Agency for International Development</p>  <p>Craig Hawke Director, Pacific Group</p>	<p>For the Government of Papua New Guinea</p>  <p>Joseph Lelang Secretary for National Planning and Monitoring</p>
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Annex 1

New Zealand's PNG programme 2002-2007 (Summary)

Health

In the first two years of the CPS the main assistance to health was the ESWCHP. In 2003 NZAID adopted a new strategic approach to the health sector, which increased its level of support to the Sector Wide Approach (SWAp). NZAID has played a central coordinating role on behalf of all donors who are supporting the implementation of PNG's health strategy. This has significantly increased accountability and transparency of donor contributions to the health sector and attempts to address key priorities as determined by the PNG national health plan.

HIV/AIDS issues are being mainstreamed in the programme especially in regards to raising awareness about the disease among the general population and eliminating the stigma associated with HIV/AIDS.

Education and Scholarships

There are two significant projects supported by NZAID in the education sector. The School Journals Project provides the only indigenously produced classroom material for primary schools and is utilised as a supplementary teaching resource. The in-country training programme (ICT) primarily supports women in agriculture (WAG). Other projects include an Agricultural Institutional Strengthening Project at Vudal University; the Diploma of Not for Profit Management training for civil society organisations; and a secondary and further education programme to train teachers in Bougainville. The Continuing Links Project 2004-2008 at Vudal University in East New Britain province supports the training and mentoring of lecturers, and provides teaching resources and library materials. NZAID has been supporting the development of a SWAp for the education sector and is considering its future involvement in it.

Human resource development is supported across all sectors, through in-country awards and New Zealand-based short and long term tertiary scholarship awards. The majority of support is provided through New Zealand-based tertiary study awards. NZAID supports Women in Agricultural scholarships which provide relevant education for rural women.

PNG receives support for scholarships under both the "public" and "open" categories of NZAID's country programmes. The Short Term Training Award Scheme (STTA) is also available to applicants from PNG for up-skilling in New Zealand for up to one year (along with seven other Pacific Island countries).

Rural Livelihoods Development

NZAID has continued to support the Fresh Produce Development Agency (FPDA), which was established with NZODA in 1989 and is based in five provinces. FPDA is the only government extension agency linking farmers and consumers of fresh fruit and vegetables in PNG, focusing on assistance for locally led sustainable development initiatives, particularly for women and youth.

NZAID has also supported a rural development project in Morobe province called the Bris Kanda project. This project has been supported by NZAID to the design stage since 2003 and will provide a package of assistance aimed at revitalising the private sector, thereby stimulating economic growth and improving livelihoods for the rural poor.

Other major support has been for the people displaced from Manam Island due to volcanic activity who currently reside on the mainland in Madang Province.

Civil Society

NZAID has supported indigenous NGOs and civil society organizations/agencies, to provide services that contribute to the social and economic well-being of people. Examples of projects funded include Community Based Health Care and Development Programme (CBHD) in Southern Highlands Province, and support for civil society through a programme to assist the re-establishment of civil society and livelihood options for remote communities through advocacy, leadership capacity development and vocational skills training.

Other projects include a nationwide voter education programme for the 2007 elections run by PNG CSOs; women voter education programmes run by the Bougainville Council of Women; a metal workshop for vocational training with ex-combatants and youth in Mabiri; and vocational training and equipment for youth in Arawa, Bougainville. NZAID also provides assistance to the Melanesian Centre for Leadership (MNCL) and delivery of a graduate diploma for NGOs personnel.

Earlier in the current CPS NZAID largely funded civil society based initiatives through the contestable Small Projects Fund (SPF) and the Head of Mission Fund (HOMF). Following a review in 2003 support shifted to a Strategic Partnerships approach where a longer term supportive relationship and multi-year funding is provided to a selected number of CSOs and NGOs.

Law and Justice/Governance

Bougainville has been given specific attention in the law and justice sector due to its special needs in post-conflict reconstruction and as the province moved toward autonomy within PNG in 2005. During the current CPS NZAID supported a number of initiatives.

- The Village Courts Training Project (which ended in 2004) aimed at reintroducing a Bougainvillean legal system based on community ownership, to restore peace and good order, reduce the fear of crime and increase business confidence and commercial activity.
- The Bougainville Community Policing Project, which was re-established in April 2004 with a New Zealand Police team deployed for a 6-9 months rotational term over a period of 2-4 years to train community auxiliary police and build local capacity.
- PNG Telikom to re-establish telecommunications at the district level at a number of sites around Bougainville.
- Around 20 volunteers working on Bougainville in the areas of education, tourism, planning, NGO support, and village industries development, which was initially funded through the bilateral programme and is now funded through the NZAID regional Pacific programme for strengthening governance.

NZAID also participated in the new arrangement with PNG and AusAID, which set up the Bougainville Governance and Implementation Fund that supported the implementation of steps required to prepare for the autonomous Bougainville Government.

ANNEX 2

Conclusions and recommendations from the 2002 NZODA review

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| 1. | <i>The 2002-2007 NZAID/PNG strategy developed from this review should take into account the Poverty Reduction Strategy, the 2003-2007 MTDS and the views of the new post-election Government.</i> |
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	The strategy took into account the three aspects mentioned.
2.	<p><i>The overall goal of the future strategy should be 'to contribute to elimination of poverty and associated deprivations in PNG'.</i></p> <p>The overarching goal is meant to be the elimination of poverty, although for some aspects of the strategy this goal was not given as much prominence and there was only an indirect linkage to the goal.</p>
3.	<p><i>The sub-outcomes for the strategy should be:</i></p> <ul style="list-style-type: none"> • <i>Improved social indicators for less-advantaged rural communities</i> • <i>Improved earning capacities for rural men and women.</i> <p>Achievement of these sub-outcomes was not explicitly stated in the programme. There is not sufficient timely and reliable data to allow measurement of these indicators.</p>
4.	<p><i>The four key intervention areas of the strategy should be education (vocational education and support for primary school resources), health (with a focus on maternal and child health), women's development and rural development.</i></p> <p>The actual strategy diverged from these four areas with new programmes for civil society and law and justice/governance sectors. The majority of support for education was for NZDS. Women's development was not a priority area.</p>
5.	<p><i>The future strategy should adopt, where possible, a long-term, multi-year approach.</i></p> <p>Generally the components of the strategy conformed to this, but there were still a number of shorter one-off type projects.</p>
6.	<p><i>The future strategy should make appropriate use of alternative delivery mechanisms, including greater use of MSCs and co-financing and Trust fund arrangements.</i></p> <p>Generally this recommendation was complied with on an ad hoc basis where appropriate MSCs were used for some aspects. There was co-financing with ADB and AusAID and support to the health SWAp is through a trust fund arrangement.</p>
7.	<p><i>NZAID's principal and primary partner for the delivery of ODA in PNG should be the PNG Government at national and provincial levels.</i></p> <p>Although the primary partner is the PNG Government this recommendation failed to recognise that a considerable amount of aid is delivered through non-government partners e.g. ESWCHP and strategic partnership arrangements with NGOs and CSOs.</p>
8.	<p><i>The future strategy should give special consideration to directing major NZAID interventions to specific geographical areas, provinces or districts (Section 7.6).</i></p> <p>Mostly the programme had a specific geographical focus at the sub-national level.</p>
9.	<p><i>NZAID should commission feasibility and design studies with a view to supporting a substantial, multi-year, province-specific vocational education and training programme.</i></p> <p>This did not occur. The main support to vocational education through the WAG and STTAs were not province specific.</p>
10.	<p><i>NZAID should support resource development and distribution for primary schools, basing support on lessons learned through support for the School Journals project, which should be sustained.</i></p> <p>The School Journals project continued to be the main activity in this respect and more attention was paid to the timely distribution of materials developed under that project.</p>
11.	<p><i>NZAID should reduce its support for overseas tertiary study awards over time.</i></p> <p>Support has not reduced during the plan period and total expenditure on NZDS made up 43% of NZAID's assistance to the education sector.</p>
12.	<p><i>NZAID should re-focus overseas tertiary study awards so they are in line with the priority areas of support of the NZAID/PNG programme, they support institutional strengthening of PNG's own tertiary educational institutions and are reserved for courses not offered within PNG.</i></p> <p>The three aspects of this recommendation were mostly complied with once GRM were</p>

	<p>contracted to manage the candidate screening and selection procedure in-country. Overseas study had a loose fit with priority areas of the NZAID/PNG programme, mainly because of the broad definition of what the priorities were.</p>
13.	<p><i>The NZAID/PNG programme should cease to include a specific line-item for in-country training, but consider it as a potential component of initiatives in the health, education, rural development or women's development programme areas.</i></p> <p>ICT continued to be a separate line item during the programme.</p>
14.	<p><i>The health strategy should focus on deprivations in women and children's health.</i></p> <p>The main thrust of assistance for the health sector supported this (ESWCHP) but some other aspects of support through the health SWAp had a more general impact (the health survey and social marketing of condoms).</p>
15.	<p><i>In rural development, support should continue for the FPDC, the Women in Agriculture scholarships, and natural resource development (NRD).</i></p> <p>Continuing support was provided to FPDA and WAG, but a new natural resource development programme was only developed at the end of the programme (Bris Kanda)</p>
16.	<p><i>NZAID should consider and consult PNG authorities on the scope for piloting an integrated area development (IAD) programme.</i></p> <p>This objective was not achieved. The Bris Kanda initiative in Morobe province which had the potential to be developed as an IAD is quite specifically focused on market chain and private sector development and is not really integrated with other sectors.</p>
17.	<p><i>Gender issues should be a major focus through a continued commitment to ensuring gender issues are fully integrated in the programme and through a specific allocation for women's development or gender specific activities (Section 8.8.6).</i></p> <p>Gender issues were not given the prominence and focus that was envisaged, nor were specific allocation for women's development or gender specific activities carried out.</p>
18.	<p><i>NZAID should retain its focus on small-scale projects and support for NGOs and civil society, community-based organisations (Section 9.3).</i></p> <p>The support for small-scale projects was reduced to provide more support for strategic partnerships for NGOs, CSOs and CBOs.</p>
19.	<p><i>A review and scoping study into NZAID support for small-scale projects and NGOs/civil society organisations should be commissioned as a matter of urgency (Section 9.3).</i></p> <p>A review was carried out in May 2003 which led to a change in more support to the strategic partnerships and a reduction in support to small-scale projects.</p>
20.	<p><i>The Bougainville programme and level of current allocation should be reintegrated within the overall PNG programme.</i></p> <p>This programme is now integrated into the overall programme, mostly under the Law and Justice sector.</p>
21.	<p><i>There should be a commitment to increasing the allocation to PNG, subject to identification of viable projects in line with the areas for intervention under the new strategic direction (Section 10.5).</i></p> <p>The aid allocation to PNG increased from \$5.5 million in 2002/03 to over \$21 million in 2006/07. Most of the increase was provided to the health sector and for civil society and law/governance.</p>
22.	<p><i>PNG should be considered as a potential case for the engagement of a full-time NZAID staff member (Section 12).</i></p> <p>Full-time staff members were provided to manage the PNG programme and more staff provided to the post in Port Moresby.</p>
23.	<p><i>The post's responsibilities should be broadened to include greater management and increased policy and strategic engagement with partner agencies and other donors, and greater input into policy and strategy development (Section 12).</i></p>

This aspect has occurred very successfully.

24. *Emphasis should be given to ensuring projects, programmes, and the strategy itself are monitored and evaluated (Section 14.1).*

NZAID has recently adopted the DAC guidelines of the monitoring and evaluation but there are still limitations with respect to the PNG programme.

Annex 3 - Table of Key Development Partner Programmes

Sector/Priority	Key Partner Programs
Mining and petroleum	<ul style="list-style-type: none"> • Support to the Mining Sector (EU, PNGSDP, WB)
Forestry	<ul style="list-style-type: none"> • Forestry Policy and Training (AUS) • Eco-forestry (EU)
Environment	<ul style="list-style-type: none"> • Support to Disaster Management (AUS, EU, UN, WB) • Rabaul Vulcanological Twinning Program (AUS) • Support for Environmental Monitoring and Management (UNDP)
Public sector reform	<ul style="list-style-type: none"> • Economic Cooperation Programme (AUS) • Advisory Support Facility Phase II (AUS) • Public Sector Workforce Development (AUS) • Public Sector Reform Programme (NZ)
Public expenditure and financial management	<ul style="list-style-type: none"> • Public Expenditure Review and Rationalization (ADB, AUS, WB) • Financial Management Improvement Program (ADB, AUS, UNDP)
Decentralisation	<ul style="list-style-type: none"> • Provincial Performance Improvement Initiative (AUS) • Provincial Planning and Management (UNDP) • Bougainville Governance and Implementation (AUS, NZ) • Capacity Development in District/Provincial Government (EU) • Local Governance and Rural Livelihoods (tentative; NZ, WB) • Community Development Scheme (AUS) • Civil Society Sector Support (NZ)
Statistical capacity development	<ul style="list-style-type: none"> • Support for Census and Statistical Capacity Strengthening (AUS) • Economic and Social Statistics (ADB) • MTDS and MDGs in National Planning and Monitoring (UNDP)
Law and justice	<ul style="list-style-type: none"> • Law and Justice Sector Program (AUS) • Justice Advisory Group (AUS) • Bougainville Community Policing (NZ) • Reducing Gender-Based Violence (UNFPA)
Other governance	<ul style="list-style-type: none"> • Electoral Support (AUS) • Support to Parliamentary Accounts Committee (AUS) • Support to Parliament (UNDP) • Support to National Research Institute (AUS) • Media Development (AUS) • Protection and Advocacy of Human Rights (UNHCR) • Conflict Prevention and Nation Building (UNDP) • Women in Leadership (UNFPA)
Education	<ul style="list-style-type: none"> • Education Capacity Building (AUS) • Basic Education Development Project (AUS) • Education Sector Technical Support (NZ) • Development Scholarships (NZ) • Schools Journals Project (NZ) • Support to Universal Primary Education (UNICEF) • National Enrolment Rate Survey (UNDP) • Improving Teacher Quality (UNICEF) • Support to Gender Equity in Education Policy Implementation (UNICEF)
Health	<ul style="list-style-type: none"> • Health Sector Support (ADB) • Community Health Projects (NZ) • Health Sector Improvement Program (NZ, ADB,

Sector/Priority	Key Partner Programs
	<ul style="list-style-type: none"> AusAID, WHO, UNICEF, UNFPA) • Bougainville Healthy Communities Project (NZ) • Support to Basic Health (WHO, UNICEF)
HIV/AIDS	<ul style="list-style-type: none"> • HIV/AIDS Support Program (AUS) • ADB Pilot HIV/AIDS Care Centres (ADB) • Prevention of HIV in Rural Development Enclaves (ADB, NZAID, AusAID) • Capacity Building for National AIDS Council (WHO, UNAIDS) • Support for HIV/AIDS Treatment (WHO, UNAIDS)
Child protection	<ul style="list-style-type: none"> • Support for Child Protection (AUS, UNICEF)
Transport	<ul style="list-style-type: none"> • Transport Sector Support Program (AUS) • Key Roads for Growth (AUS) • Bridge Restoration Project (AUS) • Highlands Rural Feeder Roads (ADB) • Community Water Transport (ADB) • Highlands Highway Upgrading (ADB) • Maritime Navigation Aids (ADB) • Lae Port Upgrading (ADB)
Energy	<ul style="list-style-type: none"> • Support for Renewable Energy (UNDP)
Agriculture and fisheries	<ul style="list-style-type: none"> • Agriculture Research and Development Support Facility (AUS, NZ) • Australian Centre for International Agricultural Research Trust Fund (AUS) • Coastal Fisheries (ADB) • Smallholder Support Services (ADB, NZ) • Nucleus Agro-Enterprises (ADB) • Agriculture/RD Sector Study (ADB) • Vudal Agricultural Institutional Strengthening Project (NZ) • Fresh Produce Development Agency Institutional Strengthening (NZ) • National Agricultural Research and Extension Policy Development (tentative; NZ) • Support for Sustainable Agriculture (UNDP) • Local Governance and Rural Livelihoods (tentatively NZ, WB)
Business enabling environment	<ul style="list-style-type: none"> • Bougainville Microfinance (AUS) • Microfinance and Employment Project (ADB) • Bris Kanda Rural Enterprise Development Program (NZ) • Pacific Technical College (AUS) • Employment-Oriented Skills (ADB) • Policies for Private Sector Development (ADB)

Source. Adapted from World Bank draft PNG Country Assistance Strategy 2008-2011, Sept 2007