



INDEPENDENT STATE OF PAPUA NEW GUINEA

2015 Papua New Guinea Development Cooperation Policy

Department of National Planning and Monitoring



Building Strategic and Coordinated Partnerships for Responsible
Development Effectiveness

Table of Contents

	Page(s)
<i>Forward</i>	4
<i>Remarks</i>	6
<i>Acronyms</i>	7
<i>Glossary</i>	8
<i>Executive Summary</i>	10
Chapter 1: Introduction	12-19
1.1 Background.....	13
1.2 Development Cooperation: Challenges and Opportunities.....	16
Chapter 2: Policy Context and Directions	20-28
2.1 Goal.....	20
2.2 Objectives.....	20
2.3 Key Guiding Principles.....	20
2.4 Key Strategies.....	22
Chapter 3: Implementation Arrangements	29-41
3.1 Institutional Responsibilities of the Government of PNG.....	29
3.2 Responsibilities of Development Partners.....	34
3.3 Partnerships Agreements with Development Partners.....	36
3.4 Stakeholder Consultation and Dialogue Mechanisms.....	36
3.5 Governance on Technical Advisory and Overall Support to PNG's Public Service.....	38
3.6 Legislative Framework.....	39
3.7 Commitment and Disbursement Arrangements.....	40
3.8 Procurement Arrangements.....	40
3.9 Accounting and Auditing.....	41
3.10 Reporting on Development Cooperation Programmes and Projects.....	41
3.11 Development Aid Information System.....	41
Chapter 4: Monitoring and Evaluation	42-43
4.1 PNG DCP Results Framework.....	42
4.2 Agency Responsible for PNG DCP Monitoring and Evaluation.....	43
4.3 Regular Reviews of the PNG DCP.....	43
4.4 Annual Development Cooperation Report.....	43
Chapter 5: Risk Management	44-46
5.1 Political Risks.....	44
5.2 Institutional and Operational Risks.....	44
5.3 Fiduciary Risks.....	45
5.4 Humanitarian Risks.....	46
Appendices	47-56
Appendix A PNG DCP Results Framework (2015).....	48
Appendix B(1) Development Partner Loan Requests: Government of PNG Screening Process.....	55
Appendix B(2) Development Partner Grant Requests: Government of PNG Screening Process.....	56



Minister for National Planning

As the Minister for National Planning in the O'Neill/Dion Government, I am pleased to present to you, on behalf of our Government, the 2015 Papua New Guinea Development Cooperation Policy (PNG DCP). This Policy reflects the commitment of the Independent State of Papua New Guinea in ensuring that PNG's Constitutional directives on sovereignty are respected as we strive towards building valuable and strategic development partnerships for responsible sustainable development in PNG.

The 2015 Papua New Guinea Development Cooperation Policy supports the government's key development policies and strategies. This policy is necessary to coordinate the efforts of all Development Partners.

The PNG DCP encourages all Development Partners, including international bilateral and multilateral partners, the private sector and civil society organizations, to work with the Government of PNG by supporting the implementation of our development strategy and plans. PNG must synergise the efforts of all partners in order to address impediments and embrace new opportunities in the regional and global arenas both today and into the future.

In essence, these partnerships should be founded on the important needs and aspirations of Papua New Guineans enshrined foremost in our Constitution, through the National Goals and Directive Principles, which speak of integral human development, equality and participation, sovereignty and self-reliance, responsible management of the environment and Christian values.

In 2012, the Alotau Accord established the priorities of the incoming Government which included the review of existing Government plans to ensure they were truly strategic, in light of the rapidly changing global circumstances.

From Vision 2050, PNG aspires to be among the top 50 countries in the world, as measured by the Human Development Index by the year 2050. In April 2014, the Prime Minister, Hon. Peter O'Neill, launched the National Strategy for Responsible Sustainable Development (StaRS) which sets out the guiding principles to achieve Vision 2050. The Government has also completed and launched the Medium Term Development Plan 2 (2016-2017) which follows from MTDP 1 (2011-2015) and contains the Government's priorities. The MTDP 3 will be from 2018-2022 and coincide with the five year political cycle.

The proposed Planning and Monitoring Responsibility Act, currently under formulation, links the planning process to annual National Budgets through the subsequent MTDPs. It establishes the National Planning Framework, the National Service Delivery Framework (NSDF) and the MTDP Monitoring and Evaluation Framework.

The Government remains committed to our international obligations and regional commitments to ensure that there is effective and strategic coordination with our Development Partners to enhance development effectiveness in PNG. Regionally, the Government embraces the Cairns Compact on strengthening development cooperation. Globally, the Government acknowledges the principles in the Busan Partnership for Effective Development Cooperation. The PNG Development Cooperation Policy aims to adopt these principles to the PNG context, sets out our priority actions and coordinated efforts for development partnerships and sets out the implementation arrangements.

The Government, through the Department of National Planning and Monitoring, takes leadership and ownership of development cooperation, coordination and performance management. I urge all key stakeholders, from our Development Partners to Government agencies, to ensure all appropriate institutional arrangements including coordination, dialogue and management arrangements are functional and productive. Ultimately, the Government is working to ensure that our Development Partnerships and cooperation are meaningful, value-adding and positively impact ordinary Papua New Guineans.

We thank our Development Partners for their continued commitment and invaluable contributions thus far to PNG's development efforts and we look forward to greater collaboration and strategic interventions in supporting the Government's development agenda.



Hon. Charles Abel, MP
Minister for National Planning
February 2016



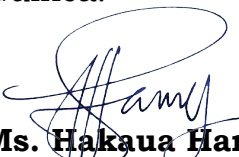
Secretary for Department of National Planning and Monitoring

The Department of National Planning and Monitoring recognizes the important contributions of Development Partners that support and resource inclusive and productive economic growth for better human development in Papua New Guinea. We acknowledge their support to the Government over the years to achieve the Millennium Development Goals and now through the new Medium Term Development Plan 2 (2016-2017) and succeeding MTDPs, we anticipate the same level of cooperation as we progress to achieve the localised Sustainable Development Goals (SDGs).

The 2015 Papua New Guinea Development Cooperation Policy is a medium-term strategic framework of the Government of PNG that complements the Government's development agenda. It provides a clear direction and defines the protocols of engagement with Development Partners in mobilizing, coordinating, managing and delivering development assistance in Papua New Guinea. We acknowledge the important work of our international bilateral and multilateral partners, and equally important are the interventions from and mechanisms used through the Private Sector and Civil Society Organizations. Together, there is greater potential to achieve our development goals and aspirations.

It is my hope that in supporting the implementation of the MTDP, this Policy will address the key challenges affecting the quality of development cooperation and tap into opportunities to progress national development. I call on all key stakeholders involved in utilising development cooperation resources to collectively work towards achieving the goals and objectives of this important Policy.

Development Partners remain an important element in the development process of PNG and through this Policy, we look forward to better engagement through the establishment of dialogue mechanisms and effectively utilising development cooperation resources. Through our joint effort, this not only increases the potential impact of development resources but accelerates and strengthens our drive to bring about sustainable development in Papua New Guinea.



Ms. Hakua Harry
Secretary, Department of National Planning and Monitoring
February 2016

Acronyms

ADB	Asian Development Bank	GoPNG	Government of Papua New Guinea
AGO	Auditor General's Office	JICA	Japan International Cooperation Agency
CACC	Central Agencies Consultative Committee	LLG	Local Level Government
CBO	Community Based Organizations	MDG	Millennium Development Goal
CIMC	Consultative Implementation and Monitoring Council	MTDP	Medium Term Development Plan
CSO	Civil Society Organizations	MTFS	Medium Term Fiscal Strategy
CSTB	Central Supply and Tenders Board	MTRF	Medium Term Resource Framework
DAISy	Development Aid Information System	NEC	National Executive Council
DoF	Department of Finance	NGDP	National Goals and Directive Principles
DFA	Department of Foreign Affairs	NGO	Non-Government Organization
DFAA	Development Finance and Aid Assessment	ODA	Official Development Assistance
DJAG	Department of Justice and Attorney General	PIP	Public Investment Programme
DNPM	Department of National Planning and Monitoring	PNGDSP	Papua New Guinea Development Strategic Plan
DP	Development Partner	PNG LNG	Papua New Guinea Liquefied Natural Gas
DSIP	District Service Improvement Programme	PNG DCP	Papua New Guinea Development Cooperation Policy
EU	European Union	PPP	Public Private Partnership
FAD	Foreign Aid Division	PSIP	Provincial Support Improvement Programme
FBO	Faith Based Organization	SOE	State Owned Enterprise
GDP	Gross Domestic Product	StaRS	Strategy for Responsible Sustainable Development

Glossary

Terms	Definitions
Bilateral Development Partners	Countries that provide development assistance directly to recipient developing countries.
Capacity Building	Means by which skills, experience, technical and management capacity are developed within an organizational structure (contractors, consultants or contracting agencies) - often through the provision of technical assistance, short/long-term training, and specialist inputs (e.g., computer systems). The process may involve the development of human, material and financial resources.
Civil Society Organizations	Functional organizations and institutions established mainly out of civil societies which are therefore neither part of the Government system nor the private sector yet claims the support of and therefore expresses the will of the citizens. CSO includes Non-Government Organizations, Community-Based Organizations and Faith-Based Organizations.
Development Cooperation	It is an approach that formally establishes a relationship between two or more parties engaged with each other to pursue development-oriented mutual interests.
Development Finance	Financial resources specifically mobilized, allocated and utilized to progress the development agenda of an individual, group, organization, or a country through planned development activities.
Development Partners	Stakeholders who are engaged with each other in mutually beneficial development activities and without whom the intended activity objectives cannot be achieved.
Foreign Aid	Assistance (in cash and kind) being provided by sources based outside of the receiving country. The assistance can be either public or private provided for both development and non-development purposes.

Grant Aid	Form of tied and untied aid provided by Bilateral and Multilateral Development Partners mainly for development purposes. It also includes technical assistance (TA) and Technical Cooperation. It differs from Commercial and Concessional Loans in that it is not repayable by the recipient.
Multilateral Development Partners	Countries providing financial aid to international organizations which in tend provide the same to the developing countries to assist them with progressing their respective political economic and socio-cultural development process.
State Owned Enterprises	Companies owned by the State or public engaged in commercial activities and operating in the market place on behalf of the Government.
Sustainable Development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
South-South Cooperation	A broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains. Involving two or more developing countries, it can take place on a bilateral, regional, sub-regional or inter-regional basis. Developing countries share knowledge, skills, expertise and resources to meet their development goals through concerted efforts.

Executive Summary

Development Cooperation has been an essential part of Papua New Guinea's overall development efforts prior to achieving political independence in 1975. Papua New Guinea began as a dependent donor-recipient nation, and is now evolving into engaging in more strategic and coordinated development partnerships. This reflects a changing approach to how PNG is now applying development cooperation resources to support its development agenda. The inaugural 2015 PNG Development Cooperation Policy (PNG DCP) is therefore timely, as it takes into account potential changes to PNG's development cooperation approach and the general development landscape.

The formulation of this Policy stems from a number of challenges experienced over the years in the use of development cooperation resources. International fora on improving development cooperation provide an opportunity for PNG to localize global level targets relevant to the PNG context. PNG's constitutional directives on sovereignty, and established Government protocols and due diligence to guide official engagements on all development cooperation matters should be respected to avoid adhoc interventions and resources being thinly spread across the country. The coordination and performance management of development cooperation within the Government of PNG (GoPNG), between GoPNG and Development Partners, and amongst Development Partners has been equally challenging. Timely draw downs and disbursements of development cooperation resources is not always achieved due to pertinent implementation challenges. Development Partners' also lack confidence in the GoPNG systems and processes hence creating parallel systems of implementation. Over the years, a large portion of development cooperation resources have been directed towards popular sectors, provinces and districts, thereby adding to unequal distribution of development resources.

Whilst we work to address these challenges, the GoPNG intends to build on the important opportunities to progress this Policy. Political stability over the last 12 years has guaranteed policy coherence and predictability for economic growth and development over time. PNG's gross domestic product (GDP) has increased markedly over the last decade. This has led to the Government financing approximately 84 per cent of the total national budget (recurrent and capital investment) in 2014. New players such as civil society organizations, philanthropic foundations and the private sector are also contributing significant financial resources and skills towards development intervention programmes. The GoPNG embraces and recognizes a shift from development cooperation to economic cooperation in the long term. The GoPNG is already providing international assistance to countries mainly in the South Pacific region through its Regional Development Assistance Programme.

The goal of the PNG DCP is to ensure that development cooperation resources make the maximum possible contribution to the achievement of PNG's development goals as enshrined in the Medium Term Development Plan and guided by principles of responsible, sustainable development and PNG's Constitutional Goals and Directives. This will be achieved through three key inter-related Objectives and their respective supporting Strategies:

1. To identify development cooperation sources and devise appropriate strategies to mobilize resources to contribute towards the implementation of the MTDP and its supporting development plans and strategies.
2. To strengthen partnerships between key institutions and stakeholders involved in development cooperation mobilization, coordination, performance management and delivery, focusing on developing capacity and strengthening systems.
3. To institutionalize PNG development cooperation support to recipient countries devised in the context of the Melanesian Way - “helping brothers and sisters in need”.

Fourteen (14) key guiding principles of the PNG Development Cooperation Policy set the parameters within which development cooperation resources are mobilized, coordinated, managed and delivered. The Principles also underpin PNG’s deliberate move to localize its commitment to global initiatives on aid effectiveness by consolidating achievements, addressing/redressing local development challenges and tapping into potential opportunities.

A number of strategies are put in place to achieve the Policy objectives based on but not limited to three critical elements. These include the quality of (i) institutional arrangements, (ii) regular dialogue and consultation, and (iii) management responsibility for effective and efficient development cooperation resource management and coordination.

As outlined in the StaRS, the Government of PNG is committed to achieving results and developing an economy that caters for the well-being of its citizens in a manner that is self-perpetuating. The Government’s Policy Monitoring and Evaluation (M&E) Framework is being finalized and intended to provide better feedback to improve decision making, accountability and development learning in the design, implementation and management of Government’s policies, strategies and plans. The 2015 PNG Development Cooperation Policy will also adhere to the Policy M&E Framework requirements to ensure that all stakeholders implementing development cooperation programmes and projects take into account the important requirements of monitoring and evaluation.

The 2015 PNG Development Cooperation Policy Results Framework has been developed, summarizing specific activities aimed at achieving the Policy objectives and which will be reviewed periodically. The Development Assistance Information System (DAISy) will be developed to maintain a record of development assistance to PNG from all sources. This is aimed at informing planning, budgeting and management of development cooperation resources to PNG.

Risks are inevitable in policy implementation and the Government recognizes the potential risks that are political, institutional, operational, fiduciary and humanitarian in nature. Mitigation efforts to address these risks are put in place in the implementation of this Policy.

Development Cooperation has been an essential part of Papua New Guinea's overall development efforts prior to achieving political independence in 1975. Papua New Guinea (PNG) began as a dependent donor-recipient nation, and is now evolving into more strategic and coordinated development partnerships. PNG is emerging as a confident sovereign nation with a strong sense of its future direction. The Government of PNG's approach to take greater control of the management of development cooperation resources reflects this national sovereignty entrenched by law in PNG's Constitution and Directive Principles. This reflects a changing approach to how PNG is applying development cooperation resources to support its development agenda.

Principles of the Busan Partnership for Effective Development Cooperation

(1) Ownership of development priorities by developing countries

(2) A focus on results

(3) Partnerships for development

(4) Transparency and shared responsibility

Over time, volumes and sources of development cooperation resources (public and private, international and domestic, lending [loan] and non-lending [grants]) have increased markedly. The general political economic and socio-cultural environment of PNG and the world at large are contributing to changes in the development aid landscape. This has resulted in the need for a policy framework to guide mobilization, coordination, performance management and delivery of development assistance.

The formulation of the 2015 PNG Development Cooperation Policy (PNG DCP) is therefore timely, as it takes into account current and future changes to PNG's development cooperation landscape. It reflects a desire by the Government of PNG (GoPNG) to focus all available development assistance with maximum efficiency and effectiveness in contributing to national development goals and objectives.

The PNG DCP also emphasizes the need to ensure that development assistance is channelled to tackle key thematic and cross-cutting challenges such as ensuring environmental sustainability, addressing issues of exclusion and gender discrimination, and reaching geographically isolated areas. In these

efforts, the GoPNG recognizes the importance of maintaining existing partnerships and cultivating new ones, including the private sector, civil society organizations and philanthropic organizations.

The formulation of the PNG DCP also takes into account the global discourse on the principles of the Busan Partnership for Effective Development Cooperation, Financing for Development and Climate Change. Preparatory

dialogue and negotiations have pointed to an increasing awareness of the importance of formulating integrated financing frameworks at the country level. The adoption of the new Sustainable Development Goals (SDGs) is also very relevant to policy formulation at the country level, with countries encouraged to consider the financing implications for achieving the SDGs. Against this backdrop, one of PNG's key efforts to localize these agendas will be through the 2015 PNG Development Cooperation Policy.

1.1 Background

1.1.1 National Sovereignty and Development Cooperation

Papua New Guinea's sovereign independence is entrenched by law in the *Constitution of the Independent State of Papua New Guinea*. The National Goals and Directive Principles that underlie the Constitution are:

- Integral Human Development
- Equality and Participation for All
- Enhancement of National Sovereignty and Self Reliance
- Responsible management and use of natural resources for environment and sustainable assets
- PNG Ways

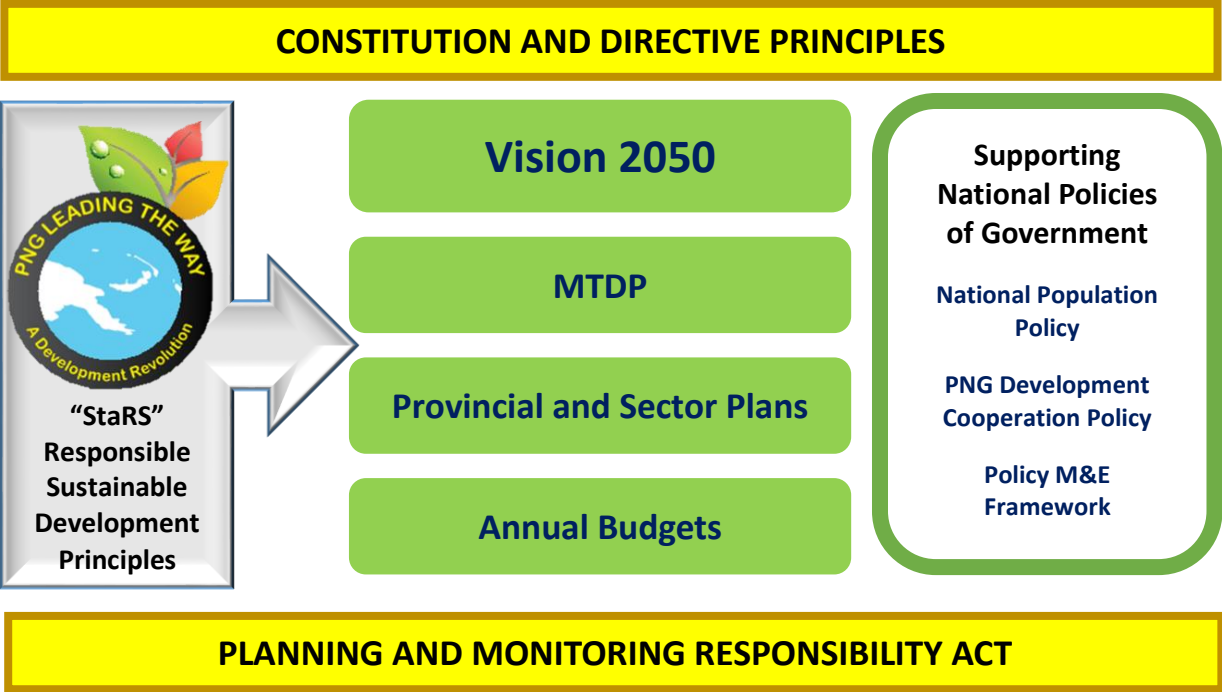
These National Goals and Directive Principles provide a clear foundation for all aspects of governance and public policy in PNG, including PNG's foreign relations. Development Partners will ensure that these goals and directive principles sets the basis of its engagement and operation in the country. More so, a guide to support PNG advance in these areas.

Development Partners should ensure particular attention on the declared Directive on the Enhancement of National Sovereignty and Self Reliance. PNG's utilisation of development cooperation resources since independence has matured from a dominant component of PNG's Capital Investment Budget to one that is no longer dominant but rather a strategic supporter that complements Government's direct investments. Development cooperation resources will be steered towards economic-oriented infrastructure enablers and economic growth prospects hence, consistent with the current Medium Term Development Plan of the Government.

1.1.2 The National Planning Framework

Facilitating the development of Papua New Guinea is the main responsibility of the Government of PNG. The Government of PNG is therefore the leader in setting the overarching development agenda for the country and striving towards achieving it. The National Planning Framework provides a clear development path and direction for the Government and its Development Partners.

Vision 2050 describes the aspirations for PNG to progress towards the top 50 countries in terms of the Human Development Index by 2050. With the new Government in 2012, a review of the development plans was undertaken to ensure a more strategic development road map. Despite natural endowments, PNG today still finds itself off-track in achieving the MDGs and ranking poorly on global indicators relating to corruption and human development. By developing StaRS, PNG has already adopted a Strategy that captures the United Nations Sustainable Development Goals (SDGs).



PNG’s previous development plans had a heavy reliance on maximising economic growth based on extractive industries and primary resource exportation. The depletion of our environmental/natural resources without the consequent human empowerment has prompted a shift in future development approaches. This also reflects changes in the global consciousness surrounding sustainable development, and how the human population is affecting the environment and climate change.

In 2014, the Strategy for Responsible Sustainable Development (StaRS) was formally adopted and launched as the guiding paradigm for the design of future development plans; setting the pathway to achieve Vision 2050. The StaRS is based on principles of greater responsibility, sustainable development and prudent management of our naturally endowed wealth. It prescribes a new growth pathway that aims to (i) improve the country’s Human Development Index (HDI) ranking as PNG aims to be one of the top 50 countries on the HDI by 2050; and (ii) by becoming a world leader in responsible sustainable development. The StaRS ultimately calls for a smarter approach to development across all sectors.

The principles of the StaRS recognizes and elevates the National Goals and Directive Principles of the National Constitution which is to achieve a high quality of life of all Papua New Guineans through: (i) integral human

development; (ii) equality and participation of all; (iii) enhancement of national sovereignty and self-reliance; (iv) responsible management and use of natural resources for environmental sustainability; and (v) sharing of resources in Papua New Guinean ways for the benefit of clans, tribes and communities rather than for individual benefit.

In May 2015, the Government adopted the new MTDP 2 (2016-2017) as the new development road map based around the themes of responsible sustainable development. This Plan focuses on the Government's Critical Activity Matrix as the blueprint for the O'Neill/Dion Government's development actions. It will capture and progress the new responsible sustainable pathway to development for the next two years (2016-2017) and succeeding MTDPs by providing the road map (indicators and targets) for achieving government priorities and objectives.

1.1.3 The National Service Delivery Framework

The National Service Delivery Framework (NSDF) has been developed by the Department of National Planning and Monitoring and detailed in the MTDP 2, as an important part of the planning process. It identifies service delivery centres from the National level, linking down to the Provincial level, and further down to the District and Ward levels.

Under the NSDF: (i) the National Government will be responsible for the provision and maintenance of national services and infrastructure; (ii) the Provinces, Districts and Wards will be responsible for the delivery of goods and services at their respective levels; (iii) Regional Service Centres will be linked to Provincial Headquarters and District Headquarters will be linked to LLG Headquarters, Ward Zone Headquarters and Ward Headquarters; (iv) Minimum basic core requirements will be introduced; and (iv) New Service Delivery Centres will be established based on spatial distribution (population and other demographic features of an area) and connected by transport and communication links.

The NSDF aligns with and is consistent to the Government's efforts in sub-national empowerment with reduced national government involvement in the provision of goods and services. The proposed Planning and Monitoring Responsibility Act will provide the legal basis for all levels of Government to take responsibility and contribute to implementation of the NSDF.

1.1.4 Planning and Monitoring Responsibility Act

The proposed Planning and Monitoring Responsibility Act will provide the legislative framework needed to support and expedite the planning, implementation and monitoring cycle with supporting frameworks, including the NSDF, and connect MTDPs to the annual budgets. The legislation will also set the basis for the Government's service delivery requirements and set the minimum level of service delivery and outputs needed from agencies and development partners to roll out its operational strategy.

Achieving synergy from all stakeholders interested in contributing to PNG's development process is essential. The Government of PNG continues to seek partnerships with key stakeholders to fill in its strength gaps. Hence, it has and will continue to forge partnerships with the international and national partners including:

- Bilateral and Multilateral Development Partners (ODA);
- Civil Society Organizations (which include Community Based Organizations, Faith Based Organizations and Non-Government Organizations);
- Private Sector; and
- Philanthropic Organizations.

The PNG Development Cooperation Policy takes into account all players in development as important Development Partners in PNG's development process regardless of size or volume of assistance. This, in effect, provides a holistic view of and commitments made to improve the quality of life of all Papua New Guineans.

1.2 Development Cooperation: Challenges, Opportunities

The rationale of the PNG DCP is premised on the need to consolidate achievements to-date, address key challenges being encountered, and tap into potential opportunities being presented to the Government of PNG in its efforts to mobilize, coordinate, manage and deliver development cooperation resources in the country. The general expectation of development assistance is that it works; it delivers according to expectations; and it contributes to general improvements in the lives of every beneficiary.

1.2.1 Challenges

The PNG DCP responds to critical (and potential) challenges which have varying levels of impacts on the ability of the Government of PNG to mobilize, coordinate, manage and deliver development cooperation resources effectively and efficiently.

Important international development forums are conducted and subsequent commitments are made in order to address chronic development challenges in developing countries. PNG is no exception. Subsequently development financing matters including development aid has become a global issue requiring global solutions.

Development cooperation resource mobilization, coordination, performance management and delivery functions by the Government of PNG are generally weak for various reasons. Historically, the level of adherence to Government of PNG protocols intended to guide official engagement on development assistance has been less than optimal. This has contributed to ineffective coordination and has further weakened the Government's ability to be effective in its development approach.

This lack of adherence to Government protocols has been compounded by challenges faced in coordination and management of development cooperation resources within the Government of PNG. Central Agencies of Government have struggled to provide appropriate leadership and direction to Implementing Agencies of Government, Development Partners and other key stakeholders. Even at the sub-national level where the business of development cooperation activities takes place.

Timely draw downs and disbursements of development cooperation resources is not always achieved due to various implementation challenges, including financial and technical absorption incapacity and delays in providing Government of PNG counter-part funds. This affects the overall delivery performance through underutilization of committed loan and grant funds within the agreed time frames. Hence, this results in higher costs through additional commitment charges and price escalations due to inflation and contract variations. It may even culminate in the withdrawal of unspent Development Partner funding.

Progress is being made by GoPNG and Development Partners aligning development cooperation resources with PNG's key development priorities and increasing implementation through GoPNG systems. Much improvement is still required.

A key factor influencing slow progress in the alignment and use of Government systems is the lack of confidence by Development Partners' in the Government's systems. Government inconsistency in following its own systems, particularly in relation to procurement, has contributed to this. This has given rise to the establishment of parallel systems in the delivery of development cooperation activities which are generally not sustainable due to lack of commitment from GoPNG institutions.

Development cooperation resources are part and parcel of PNG's total national wealth. However, where development cooperation assistance is aligned with Government of PNG's key development priorities, a significant proportion of its concentration is directed towards popular sectors, provinces and districts, thereby creating and adding to unequal distribution of resources across the country. Such preferences are pursued at the expense of those sectors, provinces and districts identified as poverty corridors requiring much needed development assistance. The 2013 National Progress Comprehensive Report for PNG on MDG clearly identify provinces such as West Sepik, Enga, Southern Highlands, Gulf and Simbu as Millennium Development Goals (MDG) "hot spots". Whilst development cooperation resources has had a degree of progress in some of these targeted hot spots to date, there is still need to upscale the level of service delivery in the other targeted areas.

1.2.2 Opportunities

PNG has experienced political stability over the last 12 years. Stability has guaranteed policy coherence and predictability for economic growth and development over the same period. Key overarching policies of Government,

such as the National Strategy for Responsible Sustainable Development (StaRS), the PNG Vision 2010-2050, the Development Strategic Plan 2010-2030, the Medium Term Development Plan 2 (2016-2017) and supporting key Sector and Sub-national Development Plans provide clear and informed development direction. It is therefore an opportune time for the Government of PNG and its Development Partners to capitalize on this stable political environment supported by well-established development plans and strategies of the Government. This effort has great potential to translate generous development cooperation resources into tangible development outcomes.

PNG's gross domestic product (GDP) has increased markedly over the last decade with the Government of PNG, in 2014, financing approximately 84 per cent of the total national budget (recurrent and capital investment). These positive results have been made possible by diversified internal revenue generation opportunities through tax and non-tax sources. The Government of PNG is now well positioned to finance even bigger impact programmes that can have far reaching, greater and inclusive impact on the PNG economy and society.

However, this does not necessarily mean that PNG is now self-reliant or will be self-reliant in the medium term for all its development resource requirements. PNG must take a smarter approach to development, one which entails the strategic and coordinated use of development cooperation resources to implement its development plans and strategies in the medium to long term. In the 2014 fiscal year, Development Partners contributed up to 34 per cent of the Government of PNG's total Capital Investment Budget which is a significant level of assistance.

It is of mutual interest as well as a challenge to the Government of PNG and its Development Partners to ensure that development assistance is utilized to produce maximum socio-economic development outcomes which will improve living standards of ordinary Papua New Guineans.

Important partners in development such as civil society organizations (CBOs, NGOs & FBOs), philanthropic foundations (international and national) and private sector organizations are contributing financial resources and technical know-how to the development efforts, not always under the auspices of the Government of PNG. The Government of PNG intends to take appropriate measures to formally recognize these contributions in its planning and programming process in the medium to long term. These measures will include establishing appropriate administrative arrangements while allowing for sufficient flexibility and independence for these new players.

The Government of PNG and its Development Partners are considering a possible paradigm shift in their corporate relationship from the common donor-recipient relationship to one which of economic cooperation in the long term. Some traditional Development Partners such as Australia and Japan are publicly promulgating the anticipated new engagement paradigm.

This anticipated shift is being considered as appropriate for PNG as it is progressing towards political-economic and socio-cultural maturity, supported by strong internal drivers. These include political stability, sound and prudent macro-economic and financial management as well as increasing financial affluence driven by increased revenues in natural resources and construction sectors. However, in the short to medium term, the Government will be cautious during the transition period. That is, PNG will embrace both development cooperation and economic cooperation paradigms to get the best out of both in the medium to long term.

Development resources are an important contributor in creating a conducive environment for increased direct investments, that is, foreign and local, private and institutional. This will have a positive impact on PNG's international trade profile. PNG requires increased direct investments and increased international trade more than development aid in the long term. Yet there still remains a lot of need for development cooperation to continue in building the necessary environment conducive for direct investment and trade activities to flourish.

The Government of PNG is already providing development aid to countries mainly in the South Pacific region. This reflects the richness of the Melanesian Way of "helping brothers and sisters or '*wantoks*' in need" and more so, supporting The Framework for Pacific Regionalism by strengthening and ensuring meaningful connections, including physical, institutional and people-to-people connectivity. Yet, the Government of PNG is challenged with the absence of proper administrative mechanisms and a policy framework to guide the administration and management of the regional support it is providing.

The Government of PNG is sensitive to increasing international concerns regarding money laundering between countries, institutions and individuals. Hence, establishing effective administration and control mechanisms is crucial. The Government of PNG is commencing internal consultations on the establishment of such mechanisms together with whole-of-government institutional arrangements and an appropriate policy framework of its regional support.

Chapter 2

POLICY CONTEXT AND DIRECTION

The PNG Development Cooperation Policy is a policy framework to effectively and efficiently guide the Government of Papua New Guinea (GoPNG) in mobilizing, coordinating, managing and delivering development cooperation resources in order to contribute towards implementing its overarching, sector and sub-national development strategies and plans.

2.1 Policy Goal

To ensure that development cooperation resources make maximum contribution to the achievement of PNG's development goals as enshrined in the Medium Term Development Plan and guided by the principles of responsible, sustainable development and PNG's Constitutional Goals and Directives.

2.2 Objectives

The Policy Goal will be achieved through three (3) key inter-related Objectives:

Objective 1

To identify development cooperation sources and devise appropriate strategies to mobilize resources to contribute towards the implementation of the Medium Term Development Plan and its supporting development plans and strategies.

Objective 2

To strengthen partnerships between key institutions and stakeholders involved in development cooperation mobilization, coordination, performance management and delivery, focusing on developing capacity and strengthening systems.

Objective 3

To institutionalize and coordinate PNG's regional assistance to recipient countries devised within the context of the Melanesian Way - "helping brothers and sisters in need"

2.3 Key Guiding Principles

The key guiding principles of the PNG Development Cooperation Policy sets the parameters within which development cooperation is mobilized, coordinated, managed and delivered. The Principles also underpin PNG's deliberate move to localize its commitment to global initiatives on aid and development effectiveness by consolidating achievements, addressing local development challenges and tapping into opportunities.

- Principle 1** Development Partners shall respect the Government of Papua New Guinea's Constitutional directives on Sovereignty, its leadership and established protocols in mobilizing, coordinating, managing and delivering development cooperation resources.
- Principle 2** Development cooperation resources shall support and be aligned to the overarching and supporting development plans and strategies of the Government of Papua New Guinea through established Country Assistance Strategies and Partnership Arrangements.
- Principle 3** The bulk of development cooperation resources shall be steered towards the sub-national level, consistent with the Government of PNG's significant resource allocation to the sub-national level.
- Principle 4** Development cooperation resources shall be distributed fairly, effectively and efficiently, building on national and sub-national synergies and responsibilities, and consistent with the National Service Delivery Framework of the Government of Papua New Guinea.
- Principle 5** Institutional Partner Projects, institutional capacity development strategies and technical advisory support provided through development cooperation programmes and projects shall be requested by and agreed to by the recipient Head of Agency.
- Principle 6** Development Partners shall utilise, to the greatest extent possible, the Government of PNG's processes, procedures and systems in delivering development cooperation resources.
- Principle 7** Development Partners and the Government of PNG relations will be based on mutual respect, mutual responsibility, transparency and accountability for improved development outcomes.
- Principle 8** Development Partners shall focus their resources in only a limited number of strategic sectors of comparative advantage and demonstrated success to avoid resources being thinly spread and ensure greater impact.
- Principle 9** All development cooperation resources shall be reflected in and delivered through the Government of PNG's annual budget.
- Principle 10** All development cooperation programmes and projects shall be delivered through or providing support to the Government of PNG's Sector-Wide Approach in the medium to long term.

Principle 11 The Government of PNG shall be actively involved in the overall design, tendering, management, implementation, monitoring and evaluation and completion stages of development cooperation programmes and projects.

Principle 12 Development Partners shall ensure that programmes and projects at the sub-national level are designed in consultation with Provincial Administrations and District Development Authorities and their respective development plans and strategies.

Principle 13 All Development Cooperation resources shall gradually move into the future to support economic oriented infrastructure enablers and economic growth prospects.

Principle 14 The Government of PNG shall embrace and deepen ‘south-south cooperation’ in its reception and assistance approaches in addition to ‘north-south cooperation’.

2.4 Key Strategies

The following Strategies will guide all efforts by the Government of PNG and its Development Partners in implementing the PNG Development Cooperation Policy. The Strategies are devised to ensure adherence to the Key Guiding Principles and support achievement of the three Policy objectives.

Objective 1: To identify development cooperation sources and devise appropriate strategies to mobilize resources to contribute towards the Medium Term Development Plan and its supporting policies.

Strategy 1a: *Mobilize development cooperation resources to support the implementation of the Government of PNG’s overarching and supporting development strategies and plans.*

1. In cooperation with existing and new Development Partners, the Government of PNG shall explore new and innovative financing options to provide increased flexibility and lower costs of capital that will support Government of PNG’s investments.
2. The Government of PNG, in cooperation with Development Partners, shall engage with international and national Non-State Actors, civil society organizations and the private sector to support PNG’s development efforts.
3. The Government of PNG calls for at least 50% of respective Development Partner Programmes are geared towards infrastructure.

Strategy 1b: *Government of PNG will take leadership and ownership of all development cooperation matters in PNG.*

1. All Development Partners shall formulate Country Assistance Strategies and/or Partnership Agreements, in consultation with the Government of PNG, to ensure alignment with the Government of PNG's overarching and supporting development plans and strategies.
2. All development cooperation activities shall be directed to foster responsible sustainable development principles.
3. All development cooperation activities shall embrace catalytic roles to ensure that critical infrastructure needed in key sectors is rehabilitated and developed to promote, expand and sustain the development process.
4. The Government of PNG and its Development Partners shall ensure development cooperation is built on the Partners' comparative advantages and demonstrated success.
5. All concessional loans and grant aid shall be subject to the Government of PNG's due diligence process of assessment, consultation and vetting before it reaches PNG's National Executive Council (NEC) through a formal submission by PNG's authorised agency of Government.
6. All development cooperation programmes and projects shall adhere to and utilise to the greatest extent possible the Government systems, processes and procedures where applicable.
7. Private Sector interventions supported through development cooperation programmes and projects shall be to boost economic growth and development.
8. The Government of PNG shall encourage trade and investment for PNG-based exporters and direct investors through Aid-for-Trade related initiatives.
9. The Government of PNG will develop a Planning and Monitoring Responsibility Act to put in place the legislative framework needed to support the national planning, implementation and monitoring cycle with its supporting frameworks.
10. The Government of PNG will define the Government's operational procedures and processes through a Development Cooperation Operations Manual. This manual will be developed to guide the initiation, implementation, monitoring and evaluation of development cooperation programmes and projects.

Strategy 1c: *Government of PNG will undertake regular reviews of development cooperation agreements and arrangements between PNG and its Development Partners.*

1. The Government of PNG shall conduct longer term review of the various treaties in operation between PNG and other Governments to ensure conformity with the policies of the Government of PNG.
2. The Government of PNG shall conduct regular reviews of the various Country Assistance Strategies or Aid Arrangements in operation between Papua New Guinea and other Governments, including other Development Partners to ensure conformity with the policies of the Government of PNG.
3. The Government of PNG, together with Development Partners, will ensure that annual reviews of agreed Programmes and Projects are undertaken.

Strategy 1d: *All Development Cooperation Programmes and Projects shall have well defined Programme Designs and Work Plans in place. This will include:*

1. A description of programme governance, including reference to existing institutional cooperation frameworks, Steering Committees, dispute resolutions, programme management arrangements, and the portfolio of agencies involved for both Partners.
2. For institutional partnerships, a description of how the programme or project will be developed, a description of activities, which activities are funded and those which are not funded under the partnership, and how workplans associated with projects and activities will be developed and managed.
3. A description of the modalities of support for activities and projects such as the institutional arrangements for placement exchanges and secondments, graduate cadet exchanges, scholarships, mentoring and capacity diagnostics, capacity development and supplementation.
4. A description of the funding mechanism and payment structures for the project and its activities.
5. A description of the monitoring, evaluation, recruitment and reporting arrangements. This includes how risks, sustainability, and gender and social inclusion will be managed.
6. The provision of templates for activity or project statements, inception reports, monthly reports, completion reports, terms of reference, and workplace conduct and performance management.
7. All Development Cooperation Programme or Project Designs should be thoroughly consulted with relevant agencies of the Government of PNG.

Objective 2: To strengthen partnerships between key institutions and stakeholders involved in development cooperation mobilization, coordination, performance management and delivery, focusing on developing capacity and strengthening systems.

Strategy 2a: *Strengthen and improve the capacity of Implementing Agencies to deliver and participate in development cooperation programmes and projects.*

1. All development cooperation programmes and projects shall include a Capacity Building component (in the form of either training, twinning, technical advisory support or similar) for implementing agencies with a view to ensuring maximum participation in, and sustainability of, the programme or project initiatives.
2. International or local Technical Advisory support provided through development cooperation shall augment, not substitute, local capacity of the Implementing Agency.
3. The Government of PNG encourages the use of national Technical Assistance (consultants) in delivering development cooperation activities in the medium to long term.
4. Technical Advisory Support will progressively be deployed to the districts through revised aid programmes where they will provide support to the District Development Authorities.
5. Development Cooperation programmes and projects shall be initiated, led and governed by the Head of the Implementing Agency, and jointly agreed by counterpart institutions. This process does not preclude discussions with development cooperation sector programs or the broader Programme to PNG.
6. Implementing Agencies of Development Cooperation programmes and projects are to actively participate in the design, tendering process, management, implementation, monitoring and evaluation, and completion stages.
7. The participation of Papua New Guinean citizens in Development Cooperation Programmes and Projects as Programme Team Leaders (or equivalent) is actively encouraged.
8. The Government of PNG and Development Partners will support capacity development in the areas of procurement, accounting and auditing procedures and systems in line with the *Public Finance Management Act 1997* to encourage Development Partners to use PNG systems.

Strategy 2b: *The Government of PNG will establish an appropriate governance mechanism to address issues on Technical Advisory Support and overall support to PNG's public service provided through Development Cooperation programmes and projects. This governance mechanism will:*

1. Ensure that all Development Partners are fully knowledgeable about and comply with the Governance and Institutional Arrangements of Development Cooperation programmes and projects.
2. Facilitate collaboration between Development Partners and the recipient public service agencies to ensure that Technical Advisory Support will provide lasting improvements in service delivery to the people.
3. Ensure that, consistent with the Government of PNG's Regulations for the engagement of Technical Advisors, all Technical Advisors will complete a standard Work Performance and Conduct Agreement, with an accompanying Job Description which is subject to ongoing assessment.
4. Ensure that each recipient agency complies with the Government of PNG's Regulations for the engagement of Technical Advisors as a component of the agreed Public Service Partnership Agreement.
5. Register all Technical Advisory details provided through Development Cooperation programmes and projects, including the registration of all Country Assistance Strategies, Partnership Agreements, Memorandum of Understandings, Joint Understandings, Project Subsidiary Arrangements, Loan Agreements and other similar arrangements.
6. Provide independent annual performance and governance compliance audits on all Development Cooperation Programmes against the Development Partnership Institutional Governance principles and the PNG Development Cooperation Policy.
7. Report annually to the PNG National Executive Council and other relevant high level engagements with Development Partners on programme performance and governance of Development Cooperation Programmes to PNG.
8. Monitor and review the established Partnership Agreements between PNG and its Development Partners supporting PNG's public sector.

Strategy 2c: *Improve coordination between the Government of PNG and its Development Partners, improve coordination within the Government of PNG, and improve coordination amongst Development Partners.*

1. All development cooperation programmes and projects will ensure that a functional governance mechanism for the project is identified or established with the Implementing Agency as the Chair of this process to oversight the implementation of activities.

2. All development cooperation activities implemented at the sub-national level shall be directed through the Office of the relevant Provincial Administrator and District Development Authorities to ensure improved coordination and communication with sub-national level governments and associated agencies.
3. All development cooperation activities implemented at the sub-national level shall ensure availability of adequate supporting capacity within potential recipient organizations and agencies including the Provincial Administrations and District Development Authorities.
4. The Government of PNG encourages multiple engagements of Development Partners in a development cooperation programme or project, subject to endorsement by the Government of PNG.
5. Development Partners will submit Mission Clearance Requests with completed Mission Protocol templates to the Department of National Planning and Monitoring prior to launching Missions for reviews, evaluations, designs, preparatory work for potential support and other related matters.
6. The Government of PNG shall regularly lead high level, policy level, sector level and technical level dialogues with Official Development Partners, Civil Society Organizations, Philanthropic Organizations and the Private Sector through established dialogue mechanisms.
7. Development Partners shall respect the established protocols and due diligence processes of the Government of PNG and abide by its governing rules and regulations.

Objective 3: To institutionalize and coordinate PNG's regional assistance to recipient countries devised within the context of the Melanesian Way of 'helping brothers and sisters in need'.

Strategy 3a: *Formally establish Government of PNG's institutional arrangements for the execution of PNG's Regional Assistance Programme.*

1. The Government of PNG, through its current mechanisms, shall establish a unit/branch responsible for managing and administering PNG's Regional Assistance Programme with an appropriate agency of Government.
2. Clear responsibilities of this unit/branch shall be outlined as part of this process to ensure the coordination, and management of PNG's regional assistance.

Strategy 3b: *Prepare and finalize PNG's Regional Assistance Programme for immediate implementation.*

1. The Government of PNG shall undertake extensive internal and external consultations, including reference to country studies, as part of the process to establish mechanisms and regimes for its regional assistance.
2. The Government of PNG shall develop a framework approach to govern PNG's regional assistance, which will clearly lay out the purpose, administrative process and procedures, sector focus and countries identified for outgoing development assistance.

Strategy 3c: *Formalize Development Partnership Agreements with recipient Governments of PNG's regional assistance.*

1. The Government of PNG shall establish with respective recipient countries formal Development Partnership Agreements that outlines PNG's specific areas of assistance together with the associated administrative procedural requirements.
2. Monitoring and Evaluation strategies of these Partnership Agreements shall be clearly outlined in respective Partnership Agreements to ensure effective implementation of Government of PNG's regional assistance.

Chapter 3

IMPLEMENTATION ARRANGEMENTS

The Government of PNG, through relevant Ministries and Departments, has specific roles and responsibilities in mobilizing, coordinating, managing and delivering development cooperation resources in PNG together with the invaluable supporting roles of Development Partners. Clear definition of these roles will support improved engagement and awareness of responsibilities.

3.1 Institutional Responsibilities of the Government of PNG

3.1.1 Department of Foreign Affairs

The Department of Foreign Affairs (DFA) is the first point of contact for any foreign Governments entering PNG hence, facilitates all diplomatic protocol requirements and undertakings for these engagements. It has the principle responsibility for growing PNG's connections in a globalizing world. This includes advising other agencies of Government on the shifting foreign policy orientations, goals and objectives of bilateral and multilateral development partners and their likely implications on Development Cooperation.

The Department of Foreign Affairs also ensures:

- Its role as custodian of PNG's Foreign Policy as applied to foreign assistance, in its various forms. The PNG Development Cooperation Policy is a sub-set to PNG's overall foreign policy agenda.
- Represents the Government of PNG, jointly with DNPM in negotiating development partnerships with other Governments.
- That PNG's sovereignty is inbuilt to all treaties and partnership agreements with other Governments.

3.1.2 Department of National Planning and Monitoring

The Department of National Planning and Monitoring (DNPM) is the designated GoPNG focal point for all development cooperation resource mobilization, coordination and performance management. To undertake this role, it facilitates regular dialogue with Development Partners and key stakeholders through a range of established mechanisms (Section 3.3 on Stakeholder Consultation and Dialogue Mechanisms).

The DNPM is also responsible for monitoring and reporting to the National Government through the National Executive Council and National Parliament on all development cooperation matters in the country.

The DNPM also provides the following services:

- Strategically plan and allocate development cooperation resources according to key expenditure priority areas;
- Carry out due diligence appraisals of formal requests for grants and loans submitted by national government agencies and provincial governments;
- In consultation with Departments of Treasury and Finance negotiate (lead in grants, support in concessional and commercial loans) resources with potential providers to finance fully appraised and Government sanctioned development project proposals;
- Manage the Development Aid Information System (DAISy) on behalf of Government of PNG, and expand the DAISy to include other development aid sources and/or link to other data sources/database;
- In consultation with the Department of Treasury and Implementing Agencies, contribute to the preparation of the Capital Investment Program of the Unified Budgets to ensure an appropriate level of Government counter-part funding is provided for joint development cooperation programmes;
- Participate in formulating and reviewing Development Partner Country Assistance Strategies and Programmes; and
- Assist ministries and agencies of Government requiring development partner resources to address their respective challenges.

3.1.3 Department of Treasury

The Department of Treasury is the only official entity which can commit the Independent State of Papua New Guinea to any concessional or commercial loan borrowing consistent with PNG's *Public Finance Management Act, Loans and Assistance (International Agencies) Act, Loans (Overseas Borrowings) Act, Fiscal Responsibilities Act, Medium Term Debt Strategy 2013-2017, and Medium Term Fiscal Strategy 2013-2017*, amongst others.

The Department of Treasury facilitates concessional or commercial loan financing, subject to formal recommendations submitted by the Department of National Planning and Monitoring (DNPM) and undertakes thorough assessment of sovereign risk, debt stock risk, political risk and exchange rate risks as part of the loan negotiation and securing process. Based on these assessments, the Department of Treasury will submit a formal NEC Submission to the National Executive Council to seek approval on the intended loan, its terms and conditions and counterpart funding requirements (where relevant).

3.1.4 Department of Prime Minister and National Executive Council (PM&NEC)

The Department of the Prime Minister and National Executive Council (DPMNEC) provides strategic policy oversight and direction on all areas of Government, including development cooperation resource mobilization, coordination, performance management and delivery. The PM&NEC ensures that all Central Agencies Consultative Committee (CACC) members, its co-opting members and all Sector Agencies and Sub-national Governments implement both the administrative and policy directions provided by the higher authorities of Government on all aspects of Government business, including National Executive Council (NEC) Decisions.

3.1.5 Department of Personnel Management

The Department of Personnel Management plays a pivotal role in the Government of PNG's policy initiatives and implementation of the Public Sector Reforms. The Department provides strategic leadership and human resource management which promotes good working relationships and rigorous dialogue with other agencies.

The Department of Personnel Management also ensures:

- Its role as custodian of institutional and employment/engagement legislation and contractual arrangements for technical advisors.
- Good governance in the management and operations of technical advisory support provided through Development Cooperation programmes and projects.
- Promotion of best practice through Regulations for the procurement processes in the engagement of contractors and technical advisors.
- That citizen contractors and technical advisors are given equal opportunities with overseas foreign competitors.
- Compliance by contractors and Technical Advisors with regulations under the various legislation across all GoPNG agencies.

3.1.6 Sector Agencies, Statutory Authorities and Provincial Governments

Agencies of Government (which include Sector agencies, Statutory Authorities and Provincial Governments) provide formal requests directly to the DNPM on potential sector development programmes for possible financing and implementation through development cooperation. The formal request should include a thorough assessment of the project from its rationale, benefits, capacity of the Implementing Agency and expected results.

Agencies of Government that implement Development Cooperation Projects (also referred to as Implementing Agencies) are to report to DNPM on the implementation/performance of their projects and programmes quarterly.

Reports will detail progress against agreed targets and indicators outlined in the approved project brief and may be the subject of associated Loan or Grant Agreements. It is the role of the Implementing Agency to ensure smooth implementation of the programme or project.

Implementing Agencies of Development Cooperation Projects and Programmes provides and reviews the quality and credibility of project and programme information and/or data reflected in the DAISy.

The Sub-National Governments will establish relevant contact points within the administrative structures to coordinate development cooperation activities at respective sub-national levels effectively and efficiently, encouraging better engagement and ownership by sub-national authorities and dialogue with Development Partners and relevant stakeholders.

3.1.7 District Development Authorities

District Development Authorities (DDAs) were established in 2014, replacing the Joint District Budget Priority Committee. This is a significant change to PNG's decentralised system with the intention to bring government to the people and empower people to make decisions for their own future.

With the majority of PNG's population living in small villages and serviced by the District Headquarters, the DDAs will carry out service delivery responsibilities to ensure appropriate infrastructures are developed, improved and maintained within the District including the approval of disbursements of district support grants and other grants. The DDAs will also play an important role in the development of rolling five-year development plans and conduct annual reviews of these plans.

Development Cooperation programmes and projects to be implemented or are implemented in respective Districts will ensure that a consultative process with the DDAs are carried out and maintained to encourage ownership and sustainability actions of the activities.

3.1.8 Consultative Implementation and Monitoring Council (CIMC)

The Consultative Implementation and Monitoring Council (CIMC) is an independent organization within the Government of PNG that brings together civil society, private sector and government partners to develop policy and directly influence and monitor government decision making for the long term development of PNG.

The CIMC, which is chaired by the Minister for National Planning, has a goal to ensure that dialogue, through ongoing consultation processes, is sustained between government, private sector and the community at large and recommendations made to government are considered for implementation.

Development Partners are encouraged to participate in the CIMC dialogue processes and maintain a consultative process with the CIMC should

development cooperation resources are utilising CSOs and the private sector to deliver services to the people of Papua New Guinea.

3.1.9 Administrative Agencies of Government

The Department of National Planning and Monitoring and its Implementing Agencies engage with relevant Administrative Agencies of Government from project inception through to the final stages of implementation. These Administrative Agencies perform specific responsibilities which include:

- (i) Department of Finance: Facilitates Trust Instruments to open Government Trust Accounts and Development Partner Imprest/Subsidiary Accounts. It will prepare financial expenditure reports, including the Final Budget Outcome Reports.
- (ii) Department of Justice & Attorney General/State Solicitors Office (SSO): Provides legal opinion and facilitates clearances on development aid related matters including concessional and commercial loan borrowings and negotiations.
- (iii) Bank of PNG: Provides the foreign exchange clearance for all external development aid coming into the country and out flows (debt service repayment).
- (iv) PNG Internal Revenue Commission: Facilitates tax exemptions on development grant and loan related goods and services as well as incomes of personnel attached to development aid funded programmes and projects.
- (v) PNG Customs Services: Facilitates exemptions on customs duties and levies on development cooperation funded imported goods and services.
- (vi) Department of Labour and Industrial Relations (DLIR): The Department facilitates and issues Work Permits for non-citizen personnel engaged in the private sector, and for non-citizen volunteer workers.
- (vii) Auditor General's Office: Facilitates and provides financial audit reports; including Certification of Audits for development cooperation projects and programmes.
- (viii) Central Supply & Tenders Board (CSTB): Takes charge of the procurement process of Government to ensure efficient procurement of goods and services to implement development cooperation programmes and projects within time and resource constraints; and consistent with relevant PNG laws.
- (ix) PNG Immigrations and Customs Services Authority: Facilitates and issues Aid Status Certificates and visas to foreign development partners in order to execute their respective development cooperation projects and programmes. The Agency will maintain regular communication with the DLIR and DNPM to ensure consistency in information.

- (x) Investment Promotion Authority: Includes the facilitation of private business participation in the delivery of development cooperation projects and programmes in PNG and abroad.
- (xi) Independent Public Business Corporation: Includes the facilitation and participation of State Owned Enterprises in the delivery of development cooperation programmes and projects in PNG and abroad.

3.2 Responsibilities of Development Partners

3.2.1 Bilateral and Multilateral Development Partners

Development Partners will ensure that the National Goals and Directive Principles of the Constitution sets the basis of its engagement and operation in the country and reflected through respective Country Assistance Strategies and Partnership arrangements. The specific Constitutional directives on Sovereignty will underpin the engagement, development, delivery and oversight of development cooperation to Papua New Guinea. These set the foundations and guide to support PNG advance in these areas.

Bilateral and Multilateral Development Partners are expected to deliver development cooperation programmes and projects in their respective areas of comparative advantages and demonstrated success. Matters related to unforeseen emergency cases are subject to GoPNG and Development Partner discussions and agreements.

All Foreign Governments will ensure that their first point of contact with PNG, as part of its diplomatic engagement, will be with the Department of Foreign Affairs. Then, development cooperation matters will be brought to the attention of the Department of National Planning and Monitoring (DNPM) to coordinate and manage the development cooperation aspects of the relations.

Development Partners will also:

- (i) In consultation with the Government of PNG, led by DNPM, prepare Country Assistance Strategies and/or Partnership Agreements.
- (ii) Develop Annual Performance Reports detailing progress with their respective Country Assistance Strategies and in-country development cooperation programmes and projects. Copies of the Annual Performance Reports should be provided to the Government of PNG, through the DNPM.
- (iii) Actively participate with GoPNG to ensure that relevant bilateral discussions and national forums with Development Partners are progressed on a regular basis.
- (iv) Support the Government of PNG's efforts to conduct its due diligence on development cooperation loan and grant resource agreements are adhered to and worked through.

- (v) Identify and develop opportunities to support and partner with other Development Partners including the Private Sector, CSOs, NGOs and Philanthropic Organizations, to improve the effectiveness of resource utilisation and project delivery.
- (vi) Support the Government of PNG's policy for sub-national empowerment by ensuring that development cooperation programmes and projects delivered at these levels requires consistent engagement with sub-national authorities on entry into the various provinces and districts.

3.2.2 Private Sector

Private Sector providers may be engaged to provide goods and services to the Government of PNG and other Development Partners through the traditional procurement method as well as through the new Public Private Partnership procurement method. It is the intention of the Government of PNG through this Policy for the local private sector to increase its participation in and improve the development cooperation delivery process in the medium to long term.

The Private Sector is encouraged to improve its efficiency and effectiveness to reduce the turnaround delivery time for procured goods and services. Improvements in private sector technical and financial absorption capacity in the medium to long term will greatly assist the Government in achieving key milestones and improving its draw down performance of committed development cooperation resources.

The Private Sector is encouraged to engage in regular dialogue with the Government and other Development Partners in various consultative fora through established dialogue mechanisms.

3.2.3 Civil Society Organizations Responsibilities

Civil Society Organizations (CSOs) have historical links with local communities. They have also partnered with the Government of PNG and various Development Partners to deliver development cooperation programmes and projects mostly at the grassroots level. CSOs also have a history of providing complementary development goods and services to the people using their own resources.

The CSOs will engage in regular dialogue and consultation with the Government of PNG, through the CIMC process, together with relevant Development Partners to consolidate and convey concerns, aspirations and other vital information mainly from the rural communities in the country. This will be progressed through established dialogue mechanisms. CSOs will also serve as domestic and international advocates for development and aid effectiveness, stimulate public debate and improve understanding on these issues amongst stakeholders.

The CSOs will implement Partnership Agreements between the PNG Civil Society Federation and the Government of PNG, serving as the pathway for

coordinated efforts in delivering key Government development priorities using their comparative and competitive advantages in key development sectors.

3.3 Partnership Agreements with Development Partners

The Government together with its Development Partner will establish Partnership Agreements to ensure coordination of activities, coherence of process relationships and networks to deliver its development priorities effectively and cost-efficiently.

By 2017, the Government of PNG will have jointly signed specific Partnership Agreements with all its recognized key Development Partners to enhance and operationalize the partnerships that have been formalized. The terms of the Agreements will be binding on the respective Parties concerned.

3.4 Stakeholder Consultation and Dialogue Mechanisms

The Government of PNG's formal engagement with Development Partners is an essential element to the coordination and performance management of development cooperation programmes. A Dialogue Mechanism is established to ensure effective engagement, programme monitoring and project performance, and build mutual trust and accountability through the partnerships.

3.4.1 Basis

All dialogues and consultations between the Government of PNG and its Development Partners will be based on jointly agreed Development Partner Country Assistance Strategies. The Strategies clearly provide the parameters and protocols of engagement between the Government of PNG and the Development Partner(s).

3.4.2 Technical Level Coordination

The Government of PNG (led by the Department of National Planning and Monitoring) and its Development Partners meet to discuss and mutually agree on appropriate measures to be taken to further advance or address operational matters of development cooperation programmes and projects. It is also an avenue to which preparations for the High Level Forum in the last quarter of the year are strategized and agreed to.

3.4.3 Sector Level Coordination

The Government of PNG and its Development Partners involved in the development of a key priority sector will consult with each other on all matters relating to a sector intervention programme implementation process. The Department of National Planning and Monitoring, together with the lead Sector Agency of a particular sector will take carriage of these meetings at the technical level to better coordinate and manage sectoral interventions. These meetings will be held twice a year with key issues and challenges identified for attention at the High Level Forum.

LEVEL	DIALOGUE MECHANISM							FREQ
National Level Coordination	<p align="center">HIGH LEVEL FORUM</p> <p align="center">Government of PNG and Development Partners</p> <p align="center">(Development Partners include: Multilateral and Bilateral Development Partners and Emerging Partners)</p>							Biennially
Development Partner Coordination	<p align="center">POLICY LEVEL DIALOGUE</p> <p align="center">Specific GoPNG Bilaterals with ODA Development Partners</p> <p align="center">GoPNG and Private Sector</p> <p align="center">GoPNG and Civil Society Organizations</p>							Annually
Sectoral Level Coordination	SECTOR CONSULTATIONS							Semi-Annual
	Transport	Health	Education	Law & Justice	Economic	Environment & Climate Change	Public Finance Management	
Technical Level Coordination	<p align="center">TECHNICAL LEVEL CONSULTATIONS</p> <p align="center">Joint Technical Working Group on Development Effectiveness (JTWG-DE)</p>							Quarterly
Basis	<p align="center">DEVELOPMENT PARTNER COUNTRY ASSISTANCE STRATEGIES</p>							Basis

3.4.4 Development Partner Coordination

The Government of PNG (led by the Department of National Planning and Monitoring) will undertake specific bilateral engagements with its respective Development Partners. The Government of PNG is led by DNPM and comprises the implementing agencies of the specific Development Partner. This is the meeting which brings specific focus to the Development Partner's Country Assistance Strategy in terms of achievements and challenges. Matters raised in these bilateral meetings will be considered for inclusion at the High Level Forum.

3.4.5 National Level Coordination

This is the highest level of engagement between the Government of PNG and its Multilateral and Bilateral Development Partners carried out annually. It is a Forum that reinforces the Government's commitment to work together with

its Development Partners and more so, bring to the forefront issues of importance from both sides to be discussed and agreed with clear remedial actions going forward.

3.5 Governance on Technical Advisory and Overall Support to PNG's Public Service

The Government of PNG has aligned the process for engaging Technical Advisory Support provided under Aid Funded Development Cooperation Programmes, to PNG's Constitutional requirements on sovereignty through the implementation of new regulations effective as of 1st January 2016. These regulations include:

- (1) The Public Services (Management) (Engagement of Citizen Technical Advisors) Regulation (No. 10 of 2015); and
- (2) The Public Employment (Engagement of Non-Citizen Technical Advisors) Regulation (No. 11 of 2015).

The principle role of a Technical Advisor is to fill skill gaps and to provide mentoring and on-the-job training in professional and technical fields in line positions or by agency head delegations. Importantly, Technical Advisors will remain as employees of their contracting agencies, but they must execute a "Work Performance & Conduct Agreement", making them accountable to the Government of PNG and reporting solely to the Public Service agency head.

The Government of PNG continues to work diligently on this matter and with key stakeholders to better define the parameters in which Technical Advisors are engaged and effected through Development Cooperation Programmes.

The Government of PNG, through the Department of National Planning and Monitoring, will establish an appropriate governance mechanism that will ensure that prospective Development Partners are knowledgeable about and comply with the Governance and Institutional Arrangements through Development Cooperation support. This governance mechanism will facilitate collaboration between Development Partners and the recipient public service agencies to ensure that Technical Advisory and overall public service support will provide lasting improvements in the public service and to the overall service delivery in PNG.

Consistent with Government of PNG's regulations on the engagement of Technical Advisors, both Development Partners and Government of PNG Recipient Agencies of Technical Advisory Support will take heed of the management and responsibilities involved.

3.5.1 Management of Technical Advisors

Consistent with Government of PNG's regulations on the engagement of Technical Advisors, Development Partners providing Technical Advisory Support through programmes and projects will take heed that:

- (i) The Regulations provide detailed instructions for the conditions of Technical Advisory engagement contained in a standard Work Performance & Conduct Agreement and the Job Description.
- (ii) The Terms of Reference of the Technical Advisor details the role, responsibilities and the output commitments made by the Technical Advisor to the recipient Agency Head.
- (iii) The Technical Advisor's tenure is subject to ongoing assessment and compliance with the Work Performance & Conduct Agreement and to end of contract performance assessment.
- (iv) Breach of performance commitment agreements renders the Technical Advisor subject to premature termination and/or ban on future engagements.

3.5.2 Responsibilities of Recipient Agencies of Technical Advisory Support

Consistent with Government of PNG's regulations on the engagement of Technical Advisors, Recipient Agencies of Technical Advisory Support will ensure that:

- (i) The Terms of Reference for Technical Advisors accurately reflect the planned development outputs and performance commitments provided by the Work Performance & Conduct Agreement.
- (ii) The Technical Advisor reports either to the Agency Head or a Manager, and works with the Team in which the Technical Advisor will be located.
- (iii) Officers within the Recipient Agency are nominated to understudy and to work alongside the Technical Advisor to ensure skills transfer.
- (iv) The performance of the Technical Advisor is monitored against the performance commitments on a regular six Monthly basis.
- (v) In the event that the Technical Advisor is to be charged with misconduct in office, the Agency Head will consult the Secretary Department of Personnel Management to ensure compliance with the Work Performance & Conduct Agreement.

3.6 Legislative Framework

The Government of PNG will couch the PNG Development Cooperation Policy in legislation for enforcement in its implementation to safeguard it from potential risks. This will be effected through the proposed Planning and Monitoring Responsibility Act. The proposed Planning and Monitoring Responsibility Act will complement existing aid related legislations such as the Public Finance (Management) Act 1995, Loans and Assistance (International Agencies) Act/Chapter 132, Loans (Overseas Borrowings) Act/133, Aid Status

(Privileges & Immunities) Act/Chapter 345, Fiscal Responsibility Act 2006, Central Banking Act 2000, Customs Act/Chapter 101, among others.

Some of the existing associated laws and regulations do not reflect responsiveness to development cooperation realities in this present time. Appropriate measures will be taken in order for the PNG Development Cooperation Policy to be implemented through appropriate legislation.

3.7 Commitment and Disbursement Arrangements

The Government of PNG will ensure that development cooperation resources to PNG are integrated into its budgetary system in order to determine its total volume in a given fiscal year and the areas of development intervention in order to forecast likely development outcomes. This includes development cooperation resources provided to non-state actors and the private sector.

The Government recognises the independence of its Development Partners such as the Private Sector, Philanthropic Organizations and CSOs. In addition, the Government will employ prudent fiscal measures when reflecting the Development Partners' contributions in its budgetary process.

3.8 Procurement Arrangements

Development Partners will continue to work towards providing development cooperation resources that is ideally untied. This will give the Government of PNG the flexibility to procure goods and services from the most appropriate sources. The country procurement systems will be used to manage procurements in accordance with the Public Finance Management Act 1995.

The Central Supply and Tenders Board (CSTB) processes will be applied in a fair, competitive, transparent, non-discriminatory and value for money manner. Over time, it is expected that at least 50% of development assistance will be expended on locally provided goods and services to enable capital formation and improve foreign exchange.

The Development Partners will work closely with the Government of PNG to address weaknesses and further strengthen the latter's procurement systems in order to attain international standards and value for money. Actions and processes for improving them will continue to be jointly implemented and monitored through the Plan of Action.

Improvement in the level of compliance on the part of the Government of PNG for its own procurement process will encourage its Development Partners to have faith, trust and confidence in the robustness of the Government systems and thereby will take measures to fully utilizing them.

Over the medium to long term, the Government of PNG expects Development Partners to consider and utilise local consultancy firms or PNG citizens for the management of their in-country programmes in order to develop local capacity in the sector of intervention. Partnerships between local and international consultancy firms will also be regarded favourably.

3.9 Accounting and Auditing

Over time, Development Partners will increasingly use Government of PNG's accounting and auditing procedures and systems in line with the Public Finance Management Act. The Government of PNG with the support of its Development Partners will enhance its technical capacity to provide reliable and timely accounting and audit reports at all levels.

Actions and indicators for the Government of PNG to improve accounting and auditing practices in line with international standards have been developed within the Integrated Financial Management System (IFMS) process, which will continue to be jointly monitored for efficiency and responsiveness to expected outcomes.

3.10 Reporting on Development Cooperation Programmes and Projects

Implementing Agencies of Development Cooperation Programmes and Projects will ensure that Project Steering Committees (PSCs) are established to ensure reporting of progress with all relevant stakeholders. PSCs should comprise key stakeholders of the programme or project chaired by the Implementing Agency and carried out on a quarterly basis. This should be a set requirement within the formal agreements of the Programme or Project.

It is also an important requirement for Implementing Agencies of existing programmes and projects to provide Quarterly Reports to the Department of National Planning and Monitoring and the Department of Treasury, including relevant stakeholders.

3.11 Development Aid Information System (DAISy)

A web-based Development Assistance Database (DAD) was established as part of the 2008 PNG Commitment on Aid Effectiveness. It will be revived as DAISy to monitor trends in development cooperation resource mobilization, coordination, performance management and delivery.

The DAISy will provide information such as the number and types of Development Partnerships with PNG, the volume of development cooperation assistance annually, types of aid and delivery modality, sector and provincial distributions, assess drawdown performance, frequency of dialogue and consultation, and achievements and challenges affecting development cooperation in PNG. The DAISy will be linked to the National Policy Monitoring and Evaluation Framework and the proposed national database system to be established under the National Strategy on Development Statistics.

Development Partners will be requested to populate the DAISy with data on development cooperation resources supporting the Government of PNG so that it provides a holistic view of capital investment in PNG.

As outlined in the Strategy for Responsible and Sustainable Development (StaRS), the Government of Papua New Guinea is committed to achieving results and developing an economy that provides all elements for well-being of its citizens in a manner that is self-perpetuating. The Government's Policy Monitoring and Evaluation (M&E) Framework is being finalized with the intention to improve decision making, accountability and development learning in the design, implementation and management of Government's national policies, strategies and plans.

The PNG Development Cooperation Policy will also adhere to the Policy M&E Framework requirements to ensure that Government of PNG, its Development Partners and relevant stakeholders involved in development cooperation programmes and projects take into account the important elements and requirements of monitoring and evaluation.

2.1 PNG DCP Results Framework

The PNG Development Cooperation Policy Results Framework (refer to Appendix A) is an important part of ensuring development effectiveness and assists to identify and focus on key objectives within a complex development environment. It provides a summary of actions directly linked to the Goal, Objectives and Strategies of the Policy in which targets and indicators have been established to ensure a strategic approach to the achievement of the Goal of the Policy.

The Results Framework:

- (i) Provides an opportunity to build consensus and ownership around shared objectives among officials of the Government of PNG, Development Partners, and stakeholders.
- (ii) Helps identify alternative views, areas of concerns, knowledge gaps, and risks which may get disguised and ignored once implementation begins.
- (iii) Serves as a negotiating tool with Development Partners.
- (iv) Provides an important basis to assess performance of the Policy during the respective Reviews of the Policy.
- (v) Is subject to Review every third year when the Policy is due for review.

2.2 Agency Responsible for PNG DCP Monitoring and Evaluation

The Government of PNG through the Department of National Planning and Monitoring (DNPM) will provide the leadership and oversight role in ensuring that this Policy is monitored and evaluated in a timely manner. The DNPM will ensure that a thorough consultation process is undertaken with its Development Partners, Government of PNG stakeholders including relevant civil society organizations, the private sector and philanthropic agencies that are part of the development cooperation process in PNG.

The Government of PNG Implementing Agencies of development cooperation programmes and projects will provide relevant information to the DNPM and Department of Treasury by making available respective programme and project performance reports. The Central Agencies of Government will jointly work towards reporting on PNG's overall engagement arrangements with foreign governments. This includes, aid arrangements, Country Assistance Strategies, Treaties and other relevant agreements applicable.

The DNPM will regularly report on the performance of the PNG DCP to the National Executive Council (NEC) and the Parliament through the Inter-Agency Committee on Development Cooperation of the Central Agencies Coordinating Committee and the National Planning Committee.

2.3 Regular Reviews of the PNG DCP

An independent review on the performance of the PNG DCP will be undertaken every three years in order to assess the performance of the Policy. The review process will identify achievements and pertinent constraints to the Policy implementation process and provide Recommendations to progress the achievements of the objectives and outcomes.

The Review Recommendations of the respective Reviews undertaken on the PNG DCP will be presented to the Government for consideration and where applicable, taken forward to progress the implementation of the Policy.

2.4 Annual Development Cooperation Report

An Annual Development Cooperation Report will be produced by the Department of National Planning and Monitoring to inform the higher authorities of Government and all key stakeholders (national and international) on the implementation of development cooperation resources nationally and at the sub-national level and assessments of their complementarity alongside national resources.

Development Partners will be an important part of this process of Government in which data will be collated and analysed. Stakeholders within Government and with Development Partners will be part of a Validation process in the finalization stages of the Report. It is anticipated that the Report will be presented to the National Executive Council and the National Parliament.

Risks are inevitable in policy implementation. The Government of PNG will address and redress the identified risks in an orderly manner. The main potential risks to be addressed will be of political, institutional, operational, and fiduciary in nature.

5.1 Political Risks

Political risk relates to political instability, adverse political events, or problems of political governance hence, losing momentum and non-implementation of the PNG Development Cooperation Policy. Political risk also includes the risk that different interest groups within Government and domestic stakeholders may not support the Policy objectives and strategies thereby impacting on the Policy implementation.

This will be addressed through continuous engagement with Members of Parliament and through the relevant Ministerial Committees, including the National Executive Council.

5.2 Institutional and Operational Risks

The Government of PNG, at national, sector and sub-national levels and its Development Partners at country and headquarter (if external) levels face institutional and operational risks in implementing policies and strategies. It is highly demanding on both the Government of PNG and its Development Partner capacity. Substantial effort is required to improve the way things are done at individual, organisational and institutional levels. Institutional capacity, culture and incentives that motivate people and organisations present a significant risk.

To mitigate these risks, the Department of National Planning and Monitoring with other oversight responsible Government agencies will:

- Continue to raise awareness among Government officials in all Departments, provincial governments, LLGs, etc. of the content, benefits and importance of aid delivery.
- Clearly identify and communicate their roles and responsibilities in implementing the Policy.
- Strengthen Government of PNG ownership and leadership of the Policy through capacity development as well as honouring Government of PNG commitments such as providing sufficient counter-part funding requirements for joint-funded development projects and programmes.

- Work to achieve better organisation and better horizontal co-operation within and between Government of PNG agencies including more effective information sharing and consensus building.
- Regularly monitor and review jointly with its Development Partners.
- To mitigate political risk on the part of the Development Partners, bilateral agreements and country assistance strategies of Development Partners will be brought in line with the PNG DCP strategies.
- The PNG Development Cooperation Policy requires that Development Partner agencies change their practices as well as their attitude toward the Government of PNG and development co-operation, adopt a flexible approach to their development operations and accept the reality that doing business in PNG may differ from other countries.

5.3 Fiduciary Risks

Fiduciary risks arise from public expenditures:

- not properly accounted for,
- not used for its intended purposes, and,
- not representing value-for-money.

Fiduciary risks cover the budgetary process, effectiveness of the financial and legal system. The Government of PNG will take ownership over fiduciary risks and will establish and strengthen appropriate systems to ensure best practices are utilised. Development Partners will harmonise their fiduciary requirements and safeguards. Measures to be undertaken by the Government of PNG with the support of its Development Partners to address fiduciary risks include:

- Maintaining efforts to strengthen strategic budget planning and execution as well as effective operation of the Government of PNG's financial management and accountability systems at central, sector and sub-national levels;
- Building an efficient and effective procurement system by implementing the Public Finance Management Act, so as to ensure competitive and open, decentralised procurement and cost-effective purchases in line with international standards;
- Improving transparency in public spending;
- Ongoing national anti-corruption measures through Public Sector Reform program;
- Strengthening the technical and administrative capacity of Government of PNG agencies through ongoing reform programmes.

- Open and frank policy dialogue on public financial management, accountability issues and corruption with all partners.
- Monitoring and evaluation of the effectiveness of public financial management and accountability systems in the MTDP processes; and
- Periodic harmonised diagnostic reviews under the Government of PNG leadership within existing Government processes.

5.4 Humanitarian Risks

Papua New Guinea is prone to natural disasters and effects of climate change that affect the livelihoods of many Papua New Guineans annually. The current effects of climate change will continue to bring about an increase in frequency of natural disasters that increases the likelihood of humanitarian crisis.

The 2011 Pacific Climate Change Science Program report found that, for Papua New Guinea,

- Temperatures would rise by between 0.4°C and 1.0°C by 2030.
- Annual rainfall would increase, with more extreme rainfall events.
- Sea levels are rising at 7.0 mm a year in the vicinity of PNG, double the global average of 2.8mm to 3.5mm a year.
- The sea level is affected by the phenomena El Nino-Southern Oscillation (ENSO). This is a rise of 140mm in the last 20 years.

The impacts of these forecasted changes are significant and many. Tropical cyclones, floods, droughts, tsunamis and sea level rise are the main extreme events that affect the country. On average, PNG receives one tropical cyclone during each season from November to April. With the country located close to the warmest oceans on earth, PNG is susceptible to ENSO related impacts such as floods, droughts and frosts.

Despite these realities, the Government of PNG does not have a dedicated Fund established purposely to cater for unexpected natural incidents. In the absence of a dedicated disaster and emergency fund, development cooperation is the next best source to seek assistance in order to address humanitarian needs of the people affected by natural disasters.

It is vital that Development Partners who come in to support PNG in times of disaster and/or emergency situations, are encouraged that the Government is consulted and through this process, ensure that resources are properly coordinated to ensure that affected areas are targeted and reached in a timely manner.

APPENDICES

APPENDIX A

PNG Development Cooperation Policy Results Framework (2015)

Intervention logic	Verifiable Outputs	Sources of verification	Assumptions and risks
<p>GOAL: To ensure that development cooperation resources make maximum contribution to the achievement of PNG's development goals as enshrined in the Medium Term Development Plan and guided by the principles of responsible, sustainable development and PNG's Constitutional Goals and Directives.</p>			
<p>POLICY OBJECTIVE 1: To identify development cooperation sources and devise appropriate strategies to mobilize resources to contribute towards the implementation of the Medium Term Development Plan and its supporting policies.</p>			
<p>Strategy Intervention</p>			
<p>Strategy 1(a): Mobilize development cooperation resources to support the implementation of the Government of PNG's overarching and supporting development strategies and plans.</p>	<ul style="list-style-type: none"> ✓ Increased capital investment from Development Cooperation resources through innovative financing from Development Partners. ✓ Established partnerships with CSOs and the Private Sector as development cooperation resource users in ODA Development Partner Programmes. ✓ Established partnerships with CSOs and the Private Sector as development cooperation resource providers in PNG. ✓ 50% of respective Development Partner's Aid Programmes to PNG should be targeted towards infrastructure by 2017. ✓ >95% disbursements of Development Partner resources per annum towards MTDP priority areas per annum. 	<ul style="list-style-type: none"> ✓ Capital Investment Programme Budget ✓ Development Partners Aid Programme Annual Performance Reports ✓ DNP and Government reports ✓ Signed Partnership Agreements ✓ Joint Reviews of DP Project and Programmes ✓ Development Aid Information System 	<ul style="list-style-type: none"> ✓ The political environment remains stable ✓ Government remains committed to VISION 2050, StaRS and MTDP ✓ Government of PNG remains committed to the PNG Development Cooperation Policy ✓ Development Partners respect the GoPNG due diligence on the utilisation and application of development cooperation resources ✓ Development Partners to be adequately represented in PNG

Intervention logic	Verifiable Outputs	Sources of verification	Assumptions and risks
<p>Strategy 1(b): Government of PNG leadership and country ownership in and over all development cooperation matters in PNG.</p>	<ul style="list-style-type: none"> ✓ Existing and New Development Partners identified should have an established Country Assistance Strategy or Development Partnership Agreement with the Government of PNG by 2018 when the first review of this Policy is undertaken. ✓ 100% of established Country Assistance Strategies (or Partnership Agreements) should acknowledge PNG's sovereignty principles and have elements of the principles of Responsible, Sustainable Development. ✓ >95% of the respective Country Assistance Strategies (or Partnership Agreements) are built on the Development Partners comparative advantages and demonstrated success. ✓ 100% of concessional loans and grant aid endorsed from 2015-2018 support GoPNG economic-oriented enablers and economic growth. ✓ As of 2016, 100% of international technical advisory support provided through development cooperation programmes have completed Workplace Conduct and Performance Management Agreements. ✓ >60% of Development Cooperation programmes and projects utilising GoPNG systems and processes. ✓ >95% of Private Sector interventions through Development cooperation are targeted towards economic growth and development. ✓ >90% of Development Partners have elements of Aid-for-Trade initiatives. ✓ Endorsed Planning and Monitoring Responsibility Act ✓ Development Cooperation Operational Manual developed and endorsed. 	<ul style="list-style-type: none"> ✓ Signed Country Assistance Strategies (or Partnership Agreements) with GoPNG. ✓ StaRS ✓ Technical Advisory Registry ✓ ODA Development Partners Aid Programme Annual Performance Reports ✓ DNPM and Government reports ✓ Loan/Grant Finance Agreements ✓ Signed Partnership Agreements ✓ Joint Reviews of DP Project and Programmes ✓ PSC meeting Minutes (or Meeting Outcomes) ✓ Disbursement Reports from Department of Treasury ✓ DP Financial Systems 	<ul style="list-style-type: none"> ✓ Government remains committed to VISION 2050, StaRS and MTDP ✓ Government of PNG remains committed to the PNG Development Cooperation Policy ✓ Development Partners respect the GoPNG due diligence on the utilisation and application of development cooperation resources ✓ Lack of support to GoPNG agencies that deal with development cooperation resources. ✓ Lack of ownership from Implementing Agencies towards their programmes and projects ✓ GoPNG remains committed to its counterpart obligations in the Loan or Grant Financing Agreements

Intervention logic	Verifiable Outputs	Sources of verification	Assumptions and risks
<p>Strategy 1(c):</p> <p>Government of PNG will undertake regular reviews of development cooperation agreements and arrangements between PNG and its Development Partners.</p>	<ul style="list-style-type: none"> ✓ All established Treaties between PNG and Foreign Governments are reviewed before or by 2018. ✓ All Country Assistance Strategies or Development Partnerships undergo Mid-Term reviews or End Term Reviews. ✓ The performance of Country Assistance Strategies or Development Partnerships between PNG and Development Partners are discussed during the annually arranged bilateral dialogues. ✓ Annual reviews of agreed Development Cooperation Programmes and Projects are undertaken 	<ul style="list-style-type: none"> ✓ Review Reports of Treaties ✓ Mid-Term and End-Term Review Reports of CAS ✓ Annual Bilateral Dialogues and Key Agendas ✓ Annual Review Reports and Review Mission Aide Memoires 	<ul style="list-style-type: none"> ✓ Development Partners will support Government of PNG's requirements for the Reviews of the relevant Treaties, Country Assistance Strategies or Development Partnerships applicable.
<p>Strategy 1(d):</p> <p>All Development Cooperation Programmes and Projects shall have well defined Programme Designs and Work Plans in place.</p>	<ul style="list-style-type: none"> ✓ All Development Cooperation Programmes and Projects shall have detailed Design Documents that are endorsed by both the Government of PNG and the Development Partner. ✓ Established and functioning Project Steering Committees of Development Cooperation Programmes and Projects. ✓ >95% of Development Cooperation Programmes and Projects undergo Quarterly Reviews, Annual Performance Reviews, and Mission Reviews. 	<ul style="list-style-type: none"> ✓ Endorsed Design Documents ✓ Minutes of Project Steering Committee meetings ✓ Quarterly Reviews Reports, Annual Performance Reports, Mission Review Reports 	<ul style="list-style-type: none"> ✓ Designs of Development Cooperation Programmes and Projects not properly consulted with relevant GoPNG agencies. ✓ Unavailability of Project Steering Committee members for scheduled PSCs. ✓ Not all requirements described in Programme Designs that are not carried out effectively.

Intervention logic	Verifiable Outputs	Sources of verification	Assumptions and risks
<p>POLICY OBJECTIVE 2: To strengthen partnerships between key institutions and stakeholders involved in development cooperation mobilization, coordination, performance management and delivery, focusing on developing capacity and strengthening systems.</p> <p>Strategy Intervention</p> <p>Strategy 2(a): Strengthened and improved capacities of Implementing Agencies of development cooperation programmes and projects.</p>	<ul style="list-style-type: none"> ✓ >95% of Development Cooperation Programmes and Projects should have a capacity building component that supports the Implementing Agency. ✓ >95% of Respective Development Cooperation Programmes to PNG should have an element of National Advisory support provided. ✓ Established and functioning governance mechanism on Technical Advisory Support and on the overall PNG Public Service. ✓ >50% of the total Technical Advisory support provided by respective Development Cooperation Programmes are at the sub-national level. ✓ GoPNG Public Finance Management reforms in place by 2017. ✓ Development Partners with comparative advantage in public finance management provide support over this period. ✓ >95% of GoPNG counterpart financing requested in the year for development cooperation programmes and projects is allocated annually. ✓ Respective Development Cooperation Programmes should have a cap of up to 10% of advisory support of their total aid programme to PNG. 	<ul style="list-style-type: none"> ✓ Strategic Approach Paper on Capacity Building ✓ Project Design Documents ✓ Review Reports ✓ PFM Reforms functional ✓ National Budget Books ✓ Annual Development Cooperation Reports ✓ Joint Reviews of GoPNG-Relevant DP ✓ GoPNG Budgetary System ✓ Joint Reviews by GoPNG and relevant DPs ✓ NEC Decision(s) on GoPNG mechanism 	<ul style="list-style-type: none"> ✓ The political environment remains stable ✓ Government remains committed to VISION 2050, StaRS and ✓ Government of PNG remains committed to the PNG Development Cooperation Policy ✓ Development Partners respect the GoPNG due diligence on the utilisation and application of development cooperation resources ✓ Development Partners to be adequately represented in PNG ✓ Provinces not in tune with coordination of development cooperation ✓ Lack of support to GoPNG agencies that deal with development cooperation resources.

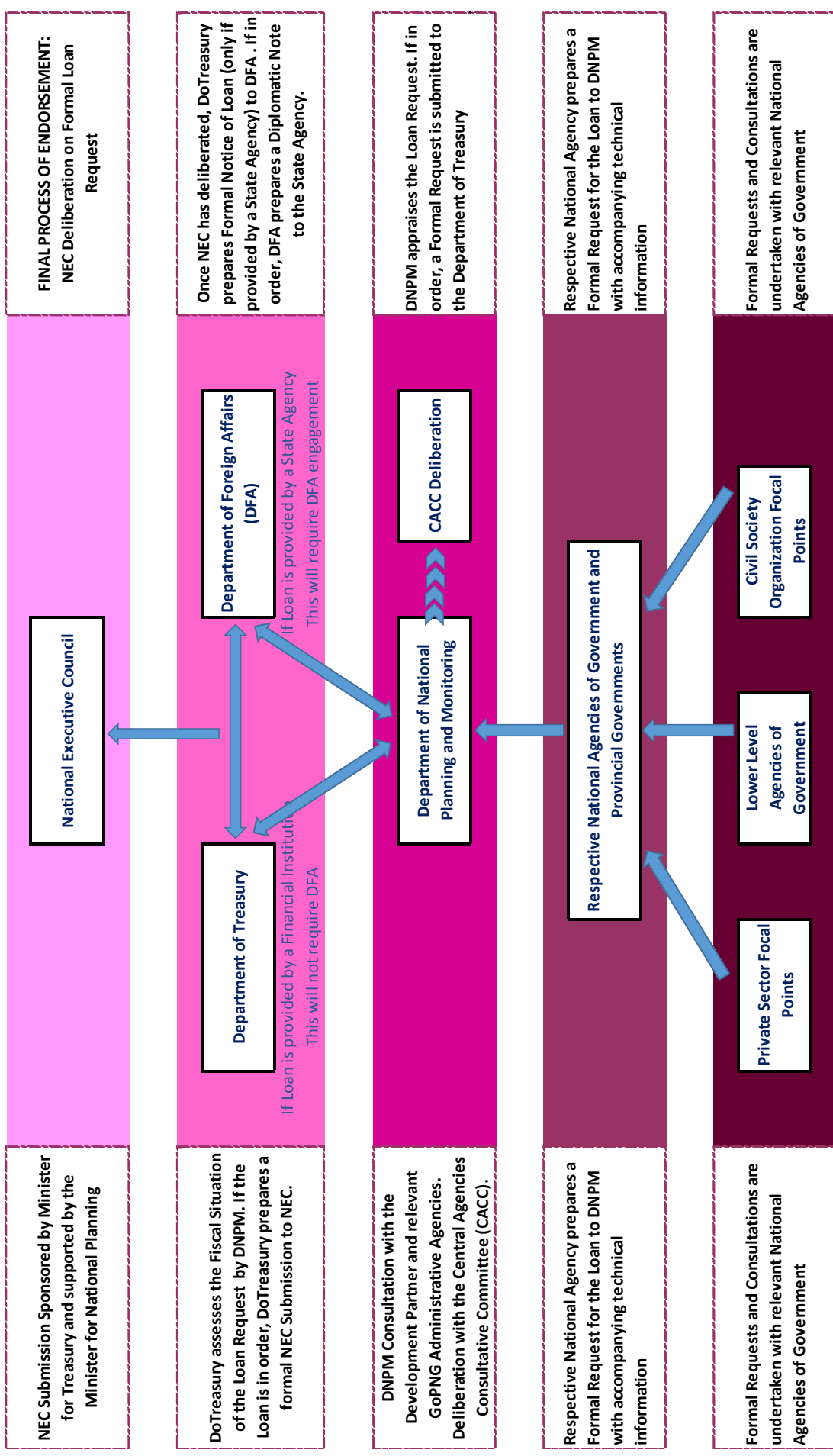
Intervention logic	Verifiable Outputs	Sources of verification	Assumptions and risks
<p>Strategy 2(b):</p> <p>The Government of PNG will establish an appropriate governance mechanism to address issues on Technical Advisory Support and overall support to PNG's public service provided through Development Cooperation programmes and projects.</p>	<ul style="list-style-type: none"> ✓ Established governance mechanism on Technical Advisory Support and on the overall PNG public service. ✓ Established MOUs/Joint Understandings between PNG and respective Development Partners on Technical Advisory support. ✓ All Technical Advisors will complete a standard Work Performance and Conduct Agreement. ✓ Established registry of Technical Advisors, Treaties, Country Assistance Strategies or Partnership Agreements, MOUs and Joint Understandings. 	<ul style="list-style-type: none"> ✓ Operational Governance mechanism on Technical Advisory Support and public service support. ✓ Endorsed MOUs/Joint Understandings. ✓ Work Performance and Conduct Agreements. ✓ Registry in place. 	<ul style="list-style-type: none"> ✓ Development Partners will support Government of PNG's requirements on the engagement and overall scrutiny of Technical Advisory Support and public service support. ✓ Development Partners not aware of the GoPNG requirements on the engagement of Technical Advisory support.
<p>Strategy 2(c):</p> <p>Improve coordination between the Government of PNG and its Development Partners, improve coordination within the Government of PNG, and improve coordination amongst Development Partners.</p>	<ul style="list-style-type: none"> ✓ 100% established contact points at the provincial administration level on development cooperation matters. ✓ >95% of Mission Clearance Requests from respective Development Partners received by Department of National Planning and Monitoring and copied to relevant provinces intended for consultation. ✓ >95% of respective Development Partner Missions at the sub-national level paid courtesy visits to the respective Provincial Administrations. ✓ 100% of Development Partners aware of the GoPNG Mission Clearance Request and Template. ✓ GoPNG endorses multiple engagements of Development Partners in a development cooperation programme or project. 	<ul style="list-style-type: none"> ✓ Provincial Organizational Structures ✓ Provincial Consultations and Assessments ✓ Formal Mission Clearance Requests ✓ PSCs undertaken ✓ Current reforms within Government and institutional arrangements ✓ Formal Dialogue Outcomes endorsed 	<ul style="list-style-type: none"> ✓ The political environment remains stable ✓ Government remains committed to VISION 2050, StaRS and MTDP ✓ Government of PNG remains committed to the PNG Development Cooperation Policy ✓ Development Partners respect the GoPNG due diligence on the utilisation and application of development cooperation resources ✓ Development Partners to be adequately represented in PNG

Intervention logic	Verifiable Outputs	Sources of verification	Assumptions and risks
	<ul style="list-style-type: none"> ✓ >95% of Project Steering Committees for respective Development Cooperation Projects and Programmes are carried out consistently per annum. ✓ Established and functional capacities with respective GoPNG agencies that deal with development cooperation resources. ✓ 100% of the Dialogue Mechanism effected per annum. ✓ >100% of the new grants/loans facilitated per annum undertook the GoPNG due diligence process. ✓ GoPNG reforms on institutional arrangements and administrative processes undertaken. 	<ul style="list-style-type: none"> ✓ Endorsed Grants and Loans 	<ul style="list-style-type: none"> ✓ Provinces not in tune with coordination of development cooperation ✓ Lack of support to GoPNG agencies that deal with development cooperation resources.
POLICY OBJECTIVE 3: To institutionalize and coordinate PNG's regional assistance to recipient countries devised in the context of the Melanesian Way - "helping brothers and sisters in need".			
Strategy Intervention Strategy 3(a): Formally establish Government of PNG's institutional arrangements for the execution of PNG's Regional Assistance Programme.	<ul style="list-style-type: none"> ✓ Established unit or section in an appropriate Government agency which will be responsible for coordinating and managing regional development assistance. ✓ Defined responsibilities of the unit or section outlined. 	<ul style="list-style-type: none"> ✓ NEC endorsement of the Unit or Section established to address PNG's Regional Assistance ✓ NEC endorsement of the key responsibilities of the Unit or Section that will coordinate and manage PNG's regional assistance. 	<ul style="list-style-type: none"> ✓ The political environment remains stable ✓ Government of PNG remains committed to the PNG Development Cooperation Policy ✓ Lack of adequate resources to facilitate a firm knowledge base and approach to south-south cooperation

Intervention logic	Verifiable Outputs	Sources of verification	Assumptions and risks
<p>Strategy 3(b): Prepare and finalize PNG's Regional Assistance Programme for immediate implementation.</p>	<ul style="list-style-type: none"> ✓ Detail a framework approach by developing a Regional Development Assistance Programme to recipient countries ✓ Clearly defined M&E approaches to PNG's regional assistance 	<ul style="list-style-type: none"> ✓ Endorsed Regional Development Assistance Programme by NEC ✓ M&E Approach described in the Regional Development Assistance Programme 	<ul style="list-style-type: none"> ✓ The political environment remains stable ✓ Government of PNG remains committed to the PNG Development Cooperation Policy ✓ Lack of adequate resources to facilitate a firm knowledge base and approach to south-south cooperation
<p>Strategy 3(c): Formalize Development Partnership Agreements with recipient Governments of PNG's regional assistance.</p>	<ul style="list-style-type: none"> ✓ Development Partnership Agreements established between GoPNG and Recipient Countries of PNG regional development assistance. ✓ M&E strategies of these Development Partnership Agreements define. 	<ul style="list-style-type: none"> ✓ Endorsed Development Partnerships between PNG and recipient countries ✓ M&E Strategy described in the respective Development Partnership Agreements 	<ul style="list-style-type: none"> ✓ Recipient Government cooperation to PNG's processes for regional assistance ✓ Government of PNG remains committed to the PNG Development Cooperation Policy ✓ Lack of adequate resources to facilitate a firm knowledge base and approach to south-south cooperation

APPENDIX B (1)

Development Partner Loan Requests: Government of PNG Screening Process



APPENDIX B (2)

Development Partner Grant Requests: Government of PNG Screening Process

