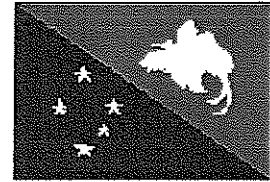


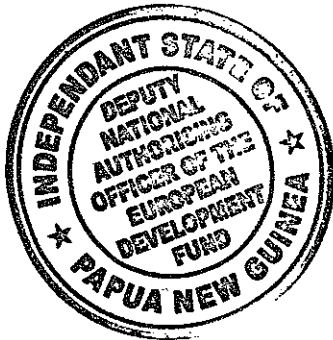
EUROPEAN UNION



GOVERNMENT OF
PAPUA NEW GUINEA

CO-OPERATION
BETWEEN
EUROPEAN UNION
AND
PAPUA NEW GUINEA

JOINT ANNUAL REPORT
2007



Kingsley Lore
Assist. Director,
& DNAO



Aldo Dell'Ariccia
Head of Delegation

FINAL DRAFT (2 APRIL 2008)

JOINT ANNUAL REPORT FOR 2007

1. UPDATE OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

1.1 Update on the political situation

Political Democratic Governance - 2007 was an interesting year for Papua New Guinea (PNG), since it was the year of National Election and the Preferential System of Voting^a was for the first time used nation-wide with minimal violence compared to previous elections. It was indeed a real test for the Integrity of Political Party Bill^b and resulted with a smooth formation of government compared to previous years. In addition, relative to the history of political instability and uncertainty, the political environment was stable in advance of parliamentary elections in 2007, with the Prime Minister completing a full five-year term - the first time for any government since independence. Political stability was a result of the Organic Law on the Integrity of Political Parties and Candidates which was enacted in 2001.

With a stable political situation, the national election was held in July 2007 and proceeded more smoothly than previous elections. A new coalition was formed, with the National Alliance Party led by Prime Minister Sir Michael Somare returning to office for a second term. The number of women candidates increased^c compared to the previous elections. There is a very active Ombudsman Commission, but additional resources are needed in order to increase the performance of its constitutional duties.

Although, the Limited Preferential Voting (LPV) system was new to all, it has proven very effective and worked well in the 2007 election. For instance, most people agree it lessened pre polling and polling violence amongst candidates and created a more collaborative campaigning environment, and many women felt they did get a chance to vote more fairly. Regardless of only one woman being re-elected to the parliament, it was encouraging to observe that the LPV has enabled an increase^d in women candidates contesting for this election compared to the previous elections. In any case, the Organic Law on Provincial & Local Level Government provides for participation by women in decision making at the lower levels of government.

^a Preferential voting requires voters to vote for candidates in order of their preferences. This enables candidates to seek support from outside their own clans and communities, while ensuring that elected MPs held a majority mandate from the people of their electorates. This is in accordance with the Organic Law on National and Local-Level Government Elections [1997 as amended to 2006], and associated regulations;

^b A law that guides the behaviour of political parties and candidates to avoid political horse-trading and to ensure political stability

^c 2007 Election Assessment Report, Commonwealth PIF Assessment Team

^d On average five (5) women candidates contested seats in each of the 20 Provinces, including the NCD. Out of the total 101 women candidates, 45 stood for seats in the southern region, including the NCD (Central 9, Gulf 5, Milne Bay Province 9, NCD 6, Northern Province 10 and Western Province 6). The Highlands region recorded 26 women candidates compared to 22 women in Mamosse and eight in the New Guinea Islands (Source: 2007 Election Assessment Report, Commonwealth PIF Assessment Team).

Although some legislative changes took effect in a very short period of time that affected election planning, electoral officials managed it^e. After the completion of the 2007 national general elections, a total of 52 national election petitions were filed in the registry of national court challenging the results of a number of seats being contested. Out of the 55 petitions three have been dismissed and only 52 accounted for. All election petitions have gone through direction hearings and are currently on the pre-trial conference.

With regard to the human rights' and fundamental freedoms' situation, PNG has a relatively good records with an independent judiciary and free press. The Government has passed the legislation in 2006 and has created and funded a Human Rights Commission in 2007.

Government Effectiveness - Despite some important changes in decentralization including an increase in government funding, the executive arm of government remained generally weak in terms of delivering services to the people. This is not to say that all districts are weak, there are some exceptional districts performing well such as Rabaul and Kokopo districts in East New Britain. As a result of the above, politicians were under pressure from their voters to deliver services thus resulting in a situation where they become legislators and implementers. The issue of *greater autonomy & better representations* has been aired several times during 2007 with the government indicating that it would surely look into these areas, especially in regard to establishing new electoral boundaries and creating new electorates since population has increased and people feel that they are not being fairly represented thus resulting in less or very little service delivery. A few provincial governments have even proposed to have similar autonomy as Bougainville and this has been presented in parliament on several occasions.

Internal Security - Although, in general, the Peace and Security has been observed to be quite good in PNG, there are key concerns of violent criminal activities, especially in some urban centres of Port Moresby, Lae and Mount Hagen. In this respect, the situation in 2007 has not improved compared to the previous year, and some reports even indicate that there has been a general deterioration. The urban criminal activities stem from an increasing level of unemployed youth living in poor urban areas as well as from the disintegration of the traditional forms of social control. In addition, certain parts of the Highlands region continued to have tribal fights with some areas declared war zones. This has contributed to an increase in movements of people to peaceful areas especially in the coastal areas which may have some potential negative effects. The government has realised this priority issue and has created a Law & Justice Sector Coordination Mechanism where the different arms of the government in the sector meet and coordinate their efforts to reduce crime especially in regard to complaints, arrests, court trials and correctional services. This mechanism seems to work as a result of improved communication^f. Budget allocation has also been increased by K214.3 million where

^e Election News, PNG Electoral Commission, November 2007

^f MTDS Performance Management Framework, 2007 Pocketbook

K75 million (from the windfall revenue) was for priority rehabilitation of infrastructure^g.

The *Bougainville situation* was normal with the implementation of the most important provision of the comprehensive peace settlement agreement between GoPNG and Bougainvillean authorities in 2005 and the election of an Autonomous Bougainville Government. The Bougainville Economy has improved significantly and is deemed to be once again ahead of the provincial economies. The question of a referendum on independence is several years away. However, the 'No Go Zone' still exists and there are arms still being held there. There was a group of Ex - Fijian Soldiers training an illegal army on the basis of a promise of being paid huge amount of money by a cult leader. These Fijians have surrendered to the government after learning that they will never be paid. The chiefs in that area and the Bougainville Autonomous Government are gradually paving the way towards peace and normalcy in the area.

Regional Institutional Context - At the regional front; relations with GoPNG and the Australian Government was at its lowest during the first three quarters of 2007 as a result of the "Julian Moti affair^h" which was subject to widespread public comments, including the PM's role in the affair. However, it seems now that the relationships with the new Labour Australian government led by Prime Minister Kevin Rudd seem to be positive.

It was also in 2007 that the new head office of the Melanesian Spearhead Group was opened in Vanuatu. This did not go down well with the other small pacific island nations since they see this as disintegration into smaller groupings of the pacific island nations. This sentiment was expressed in Tonga during the Forum Leaders Meeting in October 2007. Finally, the recent social unrest in Solomon Islands and Military Coup in Fiji creates a perception amongst many developed states and investors that most of the pacific states are fragile.

From the regional perspective on trade, the signing/initialling of the EPA by Fiji and PNG whilst the rest of the islands nations were reluctant did not go down well with the Pacific Islands Forum Secretariat. When Fiji and PNG signed the interim arrangements despite strong advice, it had surely weakened the regional position. PNG and Fiji went ahead to conclude negotiations with the European Union (EU) since they felt that they might lose out on certain benefits they are currently enjoying if they did not sign. From the PIF Secretariat point of view, the intention was to negotiate with the EU at a regional level in order to increase Aid for development so that it can cater for the adjustment and development costs such as loss of revenue, employment, etc.

^g 2007 Budget Volume 1

^h Julian Moti was the Attorney General of Solomon Islands who was accused of underage rape in Vanuatu by the Australians. He escaped from arrest with the assistance of PNG Government to Solomon Islands which soured the relations between PNG Australia & Solomon Islands

1.2 Update on the economic situation

Economic growth, accelerated further in 2007, is projected to continue in 2008. Global prices for key commodities softened from the high levels of 2006, but mining production recovered from the contraction of 2006 as a result of earlier investments and the exploitation of higher-grade ore bodies. This recovery offset an expected decline in oil and gas output resulting from depletion of the oil fields. Mineral production grew by about 7% in 2007. The forecast was not affected by the cancellation in early 2007 of a planned gas pipeline from the Southern Highlands to Australia, since this facility would not have had an impact on output for several years. Energy companies involved in the project have indicated willingness instead to consider developing the gas fields for liquefied natural gas exports and petrochemical production.

Mining investment stimulated construction, notably in the first year of building the Ramu Nickel Mine. The sector also benefited from public expenditure on infrastructure and strong private demand in a low interest rate environment. Construction grew by 10.0% in 2007 and is projected to further increase in 2008. Manufacturing, such as food and beverage processing, grew at a modest rate on the back of growth in consumer demand, which underpinned growth in areas like transport and communications. The agriculture, forestry, and fisheries sector grew by 3.6% in both 2006 and 2007 as cash crop production rose in response to new investments and transport infrastructure improvements, as forestry output expands when new project areas are developed, and as fisheries production maintains a steady rate of increase. Palm oil and log production have been the major contributors to growth in the sector. Non-mineral GDP grew by 4.2% in 2007 and is expected to further increase by 4.0% in 2008.

Inflation was kept low at 3.0%. Continued fiscal prudence and sound monetary management ensured exchange rate stability, and a move to a productivity-based wages policy was effective in containing supply-side pressures, because inflationary expectations fell in 3 years of relatively low inflation. The 2007 budget had a deficit of 0.2% of GDP, in accordance with objectives established in the Medium-Term Fiscal Strategy 2002-2007.

Pressures on the **budget** were expected in the lead-up to the elections, but responsible **fiscal management** was maintained. In 2008, a budget surplus of 1.2% is projected on the basis that revenues from the mineral sector will decline and that expenditures will be reduced accordingly. Public debt is expected to fall to 39.7% in 2008 as both domestic and external debt stocks come down from 2006 levels, which was as a direct result of the government's strict adherence to its public debt strategy. Continued fiscal prudence and exchange rate stability has permitted the central bank to maintain a neutral monetary policy stance, and interest rates were expected to be steady.

Softer prices for mineral exports and declining oil production are projected to reduce the current account surplus in 2007 and 2008. Moreover, imports for major mining projects will rise. The cancellation of the gas pipeline points to a smaller drop in the external surplus than earlier pencilled in, since the pipeline-associated high level of imports will no longer be required. The decline in the current account

surplus does not reflect excess demand pressures or structural imbalance. Imports arising from mining projects are fully funded by capital inflows related to private sector decisions to launch financially viable projects. Foreign reserves are forecast to provide over 9 months of import cover.

Corporate Income Tax receipts increased by K34.0 million (or 7.1 per cent) to K511.7 million in 2007, compared with K477.7 million estimated in 2006. The increase in corporate income tax reflected the solid economic conditions which resulted in the continued improvements in corporate profitability.

The **District Finance Office roll-out program** reached 42 districts. The November 2006 Supplementary Budget provided an additional K22 million to allow those district finance offices already opened to become fully functional. To support the continued roll-out of these offices at the district level, K30 million of the windfall gain was provided to meet the capital costs of establishing 10 new district finance offices in 2007 (that is, an initial capital cost of K3 million per office).

The **privatizations of State Enterprises** and allowing competitions have added many benefits especially in regard to no political interference. The Privatization of PNG Banking Corporation to Bank of South Pacific has seen its growth and expansion to Niue, Solomon Islands and Fiji in 2007. It is now a public company on the POM Stock Exchange. The NASFund and the Nambawan Super have also declared windfall dividends to its members as a result of independence and good business practices. The PNG Ports, Electricity Commission, Air Niugini, are yet to show their performanceⁱ.

In the **telecommunication sector**, there is now a rather fragile situation of competition after so many political interferences and according to public opinion; there are signs of improving services at affordable cost. The most controversial case concerns the relations between the state-owned company Telicom and the new entrant into the market - Digicel. Digicel was awarded a licence by PANGTEL^j to operate in the country but the Ministry of Communication & Public Enterprise indicated that the competitor cannot operate in the country since the issuance of the license did not comply with the ITC policy. This national court indicated otherwise. After several judgments always in favour of Digicel, the issue has been raised in the broader framework of the reform of the ITC policy at the Parliamentary level, where the bill is still under discussion and some pending issues still need to be solved.

According to the 2007 budget, the government allocated substantial funding to some state enterprises. PNG Power and Telekom have been allocated K65 million and K35 million respectively of the windfall gain to assist them in extending their services to rural districts. In addition, the national airline, Air Niugini, is in the process of expanding its fleet of F-100 aircraft. K30 million of the windfall gain has been provided to allow it to complete this program.

ⁱ There are no real competition thus these entities are still operating as monopolies

^j Independent Regulatory and Licensing Authority for Information & Communication Industry

In 2007, the government approved the **Framework for a Trade and Investment Strategy**^k. This framework has two interrelated elements:

- International trade policy, by which is meant the negotiation of international trade agreements and liberalisation of tariffs, and
- Export promotion strategy by which is meant all the measure to promote export capacity. This includes investment policies and information on export markets.

From a **trade perspective**, apart from initialling an Interim Agreement in the framework of the EPA, PNG is also member of a range of regional trade arrangements: Melanesian Spearhead Group (MSG: PNG, Fiji, Vanuatu, Solomon Islands), PICTA (14 Pacific Islands), PACER (PICTA +Australia and NZ), APEC, and it has preferential access agreements with Australia and NZ. The initialling of the Interim Agreement, with the particular favourable rules of origin in the fishery sector, now enables competition and free access of certain goods in the EU. This situation has alarmed the key trade partners in the Pacific of PNG - Australia and New Zealand - who intend to revamp and speed up the negotiations in the framework of PACER.

1.3 Update on the poverty and social situation

Poverty has proven difficult to quantify in PNG due to lack of statistical data, especially in relation to subsistence and monetary incomes and lack of agreement on the definition of poverty in the PNG context. There has been a lack of surveys in the last few years to reflect possible changes in poverty given the rate of economic growth and substantial increase in government funding to the districts.

According to the 2006 UNDP Report, PNG's Human Development Index fell to 142 out of 177 countries and is one of the lowest countries in the South East Asia-Pacific region. It has lower average life expectancy, a higher infant mortality rate and lower rates of adult literacy than most countries in the region. The availability of basic data on social and health conditions in the country is very poor with little data created in 2005 and 2006. A table of available data under the MDG Indicators is attached in Annex I. The government has adopted some realistic but ambitious targets in the Medium Term Development Strategy (MTDS), which relate to the expected increase in income generation in rural areas that can sustain improved social services.

Thus Government priorities are aimed at improving social services in rural areas, raising rural incomes and strengthening provincial and district governments. These are laid down in the MTDS, where seven key priority areas have been defined including education and health, transport infrastructure and boosting rural incomes and employment. It is worth mentioning that in 2007 the government took the lead in investment compared to previous years where donors provided more funding. When all Government expenditure is taken into account, the Government is the

^k A Trade & Investment Strategy is intended to be prepared under the 9th EDF Trade Related Assistance Project

lead financier in six out of the seven Expenditure Priorities Areas under the MTDS. It is envisaged that the trend towards greater Government leadership in terms of financing will coincide with the Government taking greater responsibility for service delivery in each of the MTDS priority areas.

Based on the MTDS and the National Education Plan 2005-2014, the main strategy and reform for **education** is an emphasis on basic education, as well as strengthening adult and technical education. The government and all the donors have been and are continuing to support efforts to achieve targets relating to universal primary education and to elimination of gender disparities, as well as to supporting infrastructure facilities in secondary and tertiary education and testing new approaches to vocational education, whilst also focussing on quality through upgrading teachers, supply of books and teaching materials.

The funding for the education sector increased from K15.7 million from 2006 to K30.4 million in 2007. A further K200 million was made available in 2007 for priority education infrastructure rehabilitation.

According to the MTDS Performance Management Framework, there are some improvements in the education indicators, whilst there are disappointing results /indicators related to health. The Government has been supporting educational improvements since 1990 and very good progress has been made in the main education indicators, especially towards enrolment and retention targets for universal primary education, as well as gender ratios in secondary/tertiary levels. Thus the reforms over the last decade have resulted in a large increase in total enrolments in the national education system, a dramatic growth in elementary education enrolment and significant increases in teachers and numbers of schools. However, government recognises that major challenges remain including difficulties in financing core functions, providing provincial capacity in educational services provision, difficulties faced by many parents in affording school fees despite subsidisation, concerns over quality due to the rapid expansion in the educational system, insufficient infrastructure and teachers and lack of capacity to monitor and administrate educational reforms.

The **health** sector budget relating to primary and preventive health and HIV & AIDS increased¹ and the government took the lead in investment compared to previous years where donors provided more funding. When all Government expenditure was taken into account, the Government is the lead financier except for the HIV & AIDS where donors are the lead funders. It is envisaged that the trend towards greater Government leadership in terms of financing will coincide with the Government taking greater responsibility for service delivery in this priority sector. The overall sector plan is guided by the overall National Health Plan 2001-2010 and its strategy for health in the Strategic Plan for the PNG Health Sector 2006-2008. In 2007 the total development budget allocated to the health sector was K141.3^m million with the focus on the MDS indicators and targets.

¹ From K30.8 million in 2006 to K57.5 million in 2007

^m K110 million from the two supplementary budgets (wind fall revenue) was made available for Priority Health Infrastructure

Previous available data pointed to deterioration in health indicators such as immunization and infant mortality rates and the increasing prevalence rates of HIV/AIDS, malaria, TB, pneumonia, diarrhoea, measles and meningitis. According to the MTDS Performance Management Frameworkⁿ, there are some very slight improvements due to increased funding by government over the last few years. Performance in the health statistics is poor as a result of poor access to healthcare professionals as well as facilities. Effective health care requires sound management and efficient use of resources. On average, health centres find themselves short of key drug supplies for five months of each year. On average, only 21% of the funds intended for healthcare reach the health centres. The trend will improve if the government enhances its health service delivery system.

According to the recent reports^o available, as of the end of December 2006, a cumulative total of 18,484 people have been diagnosed with HIV infection; 8530 (46%) infections were in males, 8824 (48%) in females, and 1130 or 6% of infections were in individuals whose sex was not reported. HIV has been diagnosed from every province, with 61% percent of all HIV infections reported from NCD, 17% from the Western Highland Province, 6% from Morobe, 4% from the Eastern Highlands Province, and the remaining 12% distributed across all other provinces^p.

Water borne diseases are common in rural areas where access to improved clean water supplies in rural areas is low. It is estimated that in rural areas, only 9% have access to piped water and 70% use raw untreated water. As a result, the government has also increased funding especially at the district level and the EU has come in a big way with Euro 25 million and AusAID under its Community Development Scheme focusing on rural communities water supply systems. This will surely assist government in improving the current situation.

Violent crime against women^q is a concern making them vulnerable to HIV infection. Although, there are adequate laws relating to violence against women, the problem still remains due to ineffective implementation. During 2006 and 2007, there have been a lot of public outcry against such behaviours and the police and the community are now improving by taking matters to court rather than out of court settlements. The government has indicated its commitment and taken a number of legal steps to stem violence against women. Continued improvements in the status of women in PNG are being achieved through the educational system through improved women retention rates in secondary schools and the increase in the number of women engaging in tertiary and vocational training..

ⁿ See page 7 of the MTDS PMF

^o 2007 Estimation Report, National Aids Council Secretariat

^p These are concrete statistics as a result of the establishment of Voluntary Counseling & Testing Facilities in most of the districts throughout PNG. People normally come for testing when they see and feel the symptoms rather than testing to be safe thus statistic does not reflect those with the virus.

^q Various Media Reports in 2007

Urban drift is a major concern due to the limited social and economic opportunities in rural areas and has resulted in the proliferation of squatter settlements in the urban centres. Tribal warfare in the highlands region is a major factor which pushes migration into coastal urban centres.

2. OVERVIEW OF PAST AND ONGOING CO-OPERATION

The focal sectors of the 8th EDF were Education, Training and Human Resources Development, and Rural Development/Environment while those of 9th EDF are Education, Training and Human Resources Development, and Rural Water Supply and Sanitation with a large non-focal sector programme on Institutional Capacity Building and Governance. 2007 was the year where nearly all the 8th EDF focal sector programmes came to the end of implementation thus requiring a formal closure process. Despite being decentralised direct labour operations where the government have to take responsibility, most of 8th EDF projects were managed by technical assistance with full responsibility for project implementation. At the end of their service contracts, this responsibility were simply handed over or dumped to the respective departments without any additional support. In many cases, the funds were badly managed and recovery orders could be issued to the Government which in reality had no practical responsibility during implementation.

A lot of challenges were encountered during the closure process where many files were not in order with supporting documents and proper procurement procedures not being adhered to. In regard to the two remaining 8th EDF projects, there were very low disbursements, as a result of many opened commitments. No Programme Estimates were signed for the Rural Coastal Fisheries Development and Improvement to Rural Primary Education Facility projects.

The issues and concerns experienced in the projects and programmes under implementation or recently completed are related to non-adherence to and/or ignorance of established procedures and processes by responsible managers/supervisors and their accounting officers. It can also be argued that there are also capacity problems within the NAO Support Unit as well as the EC-Delegation, which had contributed to limited oversight and control leading to such problems and time-consuming efforts to resolve them.

The impact of these focal sector programmes as foreseen in the intervention frameworks cannot at present be established with any degree of certainty because of some delays encountered in activities, formulations or appraisals, but there have been some outcomes and more will become visible in the course of 2008. The construction and rehabilitation of educational facilities under the 8th EDF have been completed and there is a noticeable increase in student enrolments in secondary schools and tertiary institutions. Other good examples with impact on rural population are from STABEX funds. With research from Stabex funds, cocoa farmers now have a hybrid which yields in 9 months, coffee farmers can earn more due to improved quality, alternate cash crops are available for farmers and it has contributed to the Bougainvillean people and its economy as a result of the cocoa rehabilitation and related skills training thus contributing to increased production and income. The 50 M€ Sysmin programme is already attracting and increasing

mining exploration in the country with its updated digital and online geological information and small scale miners will surely benefit from the training and equipment that will enable them to increase their production safely.

The 9th EDF strategy is directed at strengthening education and improving the quality of rural life, and at fostering good governance. Programmes under 9th EDF are fewer and typically larger than those under 8th EDF. The two major 9th EDF projects were under implementation with varying results with the Rural Water Supply & Sanitation Programme achieving some results whilst the Education, Training & Human Resources Development Program receiving no results at all due to various deficiencies and views from all concerned. Since the TAs started over a year and half ago, no programme estimate has been approved and endorsed thus no implementation.

The four (4) remaining Financing Agreements under the 9th EDF were signed thus leading the way for start-up facilitation missions to be executed immediately. The signature of the Support to Non State Actors programme (€5 millions) was signed in May 2007. The three other Financing Agreements, District Town Water Supply, (€ 5.6 millions), Support to Decentralisation & Local Level Government (€15 millions) and Trade Related Assistance (€ 3 millions) were signed in October 2007. The effective implementation of these programmes is envisaged to begin mid 2008. The governance and NSA projects will involve a bottom-up approach where interventions will be proposed by the beneficiaries and supported by grants from the projects whilst the other two will be directly implemented by the beneficiary government departments. In all cases, the technical assistants will have advisory roles.

The government by and large is on schedule in maintaining its policy commitments under the 9th EDF- maintaining the share of education in the national budget (around 15% of GDP), financing the recurrent expenditure, facilitating regular dialogue with major donors on education and encouraging community and non-state actors' participation.

Rural development projects under 8th EDF had a focus on improving cash income, while the priority of the 9th EDF is on the well being of rural people. The introduction of non-state actors as implementing agents, and the inclusion of governance as a key issue to development in 9th EDF and 10th EDF, is significant shifts of emphasis, which followed from the evaluation of 8th EDF. The 10th EDF is focusing on Rural Economic Development and Education, Training & Human Resource Development with Governance & Institutional Capacity Building as a cross-cutting issue. The Country Strategy Paper and the National Indicative Programme for the 10th EDF have been finalised and accepted. After evaluation of the incentive tranche, the European Commission agreed to increase the total amount of the A envelope from the initially requested 108 million Euros to 130 million Euros.

The Country Strategy Paper and National Indicative Plan for the 10th EDF were signed on 18th October 2007 and Euro 142.5 Million have been allocated for the development of PNG for the period 2008-2013.

3. POLICY COHERENCE FOR DEVELOPMENT (PCD)

The EC's development policies and strategies have always been consistent with PNG's three key objectives at the top of the Programme for Recovery and Development: good governance; Export driven growth; and rural development, poverty reduction and empowerment through human resources development. These objectives are intended to be achieved through a number of key priority areas, which are transport infrastructure rehabilitation and maintenance; promotion of income earning opportunities including agriculture research extension and marketing, the nucleus agro-estate model, revitalisation of the Rural Development Bank, micro-credit, skills training and establishment of industrial parks; basic education; development-oriented informal adult education; primary healthcare; HIV/AIDs prevention, and Law and Justice.

Out of the 12 policy areas, the following ones are of relevance to PNG:

Trade: There were capacity constraints in terms of human resources, communication and other institutional aspects within the Department of Trade & Industry. The mid-year shift of responsibilities in the field of international trade to the Department of Foreign Affairs, Trade and Immigration, did not bring more clarity. By 2007, there was no National Trade Strategy in place but only a Trade and Investment Strategy Framework which was approved by the government. Sectoral studies were not done in order to prepare for a national position which can be presented at the regional EPA Ministerial and technical meetings. From the government's perspective, trade is a MTDS priority which calls for export led economic growth. Coordination of all the public and private sector economic actors were difficult which resulted in some sectors such as fisheries opting for a Bilateral Trade Agreement approach with the EU.

In 2006 and early 2007, at the request of the Department of Trade & Industry, the EU financed under the 9th EDF a technical assistance project under Technical Cooperation Facility to assist the Department of Trade & Industry in building up its institutional capacity to effectively prepare for and participate in the Economic Partnership Agreement as a country and the region. Almost simultaneously, a long term Trade Related Assistance Project was being prepared under the 9th EDF to assist with the mainstreaming trade matters in development strategies and sector strategies, benefiting more from international trade and participating effectively in multinational and regional trading arrangements. The 10th EDF has also allocated some funds for the trade sector and the definition of the program is yet to be done. The focal sector of rural economic development and skills training are focussed on increasing production for domestic consumption as well as export according to international standards.

Environment & Climate Change: At the political level, the Prime Minister Grand Chief Sir Michael Somare was personally interested and taking the lead in advocating and mobilising support in environment, climate change and carbon trading at the national, regional and global arenas. As such, the government has established an Office for Climate Change to specifically focus on the implementation of the Kyoto Protocol.

The EU has been in the forefront on environmental issues and has taken the agenda on board in its involvement accordingly, in line with the 2007 Communication on the Global Climate Change Alliance. The EU programme in PNG has been focusing on Environmental sustainability mostly through conservation, and sustainable use of natural resources (Agriculture, Forestry & Fisheries). As such, the 8th, 9th EDF took into account sustainable use of natural resources with programmes in forestry, fisheries and agriculture where resource owners are involved in harvesting their resources for income and self consumption. The EU was supporting the resource owners from sustainable harvesting & production and linking the resource owners to markets. All the other EDF projects and programmes had environment as cross cutting issue and that the EU had not ventured into any environmentally unfriendly programme. The 10th EDF Rural Economic Development will surely look into environmental & natural resource governance and carbon trading within the context of climate change.

Employment & Decent Work: The Government focus has been focusing on creating employment in its various huge public investment programme created employment/jobs for many Papua New Guineans. This notable improvement in employment growth is due to stronger economic growth, which reflects a more conducive investment climate, sound macroeconomic policy and increased expenditure on improving and maintaining public infrastructure. Employment grew in retail, building and construction, agriculture, forestry and fisheries sectors. Urban unemployment remains high due to a huge influx of unskilled workers looking for educational and job opportunities[†]. Informal sector employs the majority of the people and the Department of Community Development has various strategies and policies to support its growth. Allowing competition in the communication sector, despite the problems mentioned in chapter 1.2, has also enabled an European firm to invest, whereby contributing in the increase in employment in the urban centres.

Support from the EU in this regard relate to the education and skills training it supports (under its Education, Training & HRD Programmes) where the training is targeted towards/and on the basis of the market demand or available resources in the community for self employment. In addition, projects such as forestry, fisheries, agriculture and mining support looks at avenues to provide maximum self - employment to the rural population. The current Mining Sector Support Program which has a focus at the small scale alluvial miners with the provision of training and micro-finance to this targeted population is a good example. One of the focal sectors, the Rural Economic Development under the 10th EDF Country Strategy and the National Indicative Program RED will surely stimulate economic growth and employment in the districts throughout PNG.

Energy: In February 2007, the Government established a new entity called Petromin, to manage the PNG Government's stake in resources operations. Under PNG law, the state is entitled to a stake in all mining and petroleum projects—30% and 22.5%. The newly established government enterprise Petromin has taken the lead in developing LNG projects, with the PNG Cabinet giving its approval to a joint

[†] BPNG QEB, September 2007

venture with Italian energy giant ENI to build an LNG plant in PNG. Add to this InterOil's recent commencement of a second exploratory well in its Elk field in Gulf Province, and the potential of its Antelope field, plus the foundation of PNG LNG (its new joint venture with partners Merrill Lynch and Clarion Finance), and it looks certain that LNG will start to play a much more prominent role in the development of the country's resources sector.

And the PNG Government has approached the EIB and there were some discussions in the equity financing of the PNG Gas Pipeline Project which EIB expressed interest. PNG government will approach EIB in 2008 when other investors sign the deal. PNG has a good record with EIB when it financed the Yonki Hydro-electricity Plant which supplies electricity to the through-out highlands region and down to Madang & Morobe Provinces.

In addition to the above, the EU under its Energy Facility has had a visit to PNG in 2007 with the intention of supporting public and private sector organizations to prepare and submit project proposals on a competitive basis to access funding. No organizations in PNG was short-listed thus no funding. Other Pacific Island countries were eligible.

4. JOINT EUROPEAN UNION STRATEGY FOR THE PACIFIC

Strengthened Partnership: The EU is a significant player in the Pacific region with Australia, New Zealand, and Japan with increasing presence of China. The EU's Development aid under the 10th EDF Regional Indicative Programme is likely to increase significantly compared to the 29 M€ allocated under the 9th EDF.

A Special Dialogue was held between the EU and the Pacific Islands Forum (PIF) in Nuku'alofa on 19 October 2007. The PIF delegation was led by the Forum Troika consisting of the Prime Minister of Tonga and Ministers from PNG and Niue, supported by the Secretary General of the Pacific Islands Forum Secretariat. The EU Delegation was led by Commissioner Louis Michel and Ambassador Antonio Mendes for the Portuguese Presidency. Representatives from the United Kingdom, Italy and France as well as Pacific Forum Countries also attended the meeting at Ministerial and senior officials' level. This Special Dialogue was the first high-level political meeting between the EU and the Pacific Island Forum. The Special Dialogue agreed to launch an enhanced EU - Pacific Islands Forum Political Dialogue. This will enable a structured interaction between the EU and the Pacific region to increase visibility of the EU in the Pacific and the Pacific in the EU. During the meeting it was agreed that a follow-up ministerial meeting will take place in Brussels during the second quarter of 2008. A Senior Officials meeting will take place during the first quarter of 2008 prior to the Ministerial Meeting.

From a bilateral perspective EU-PNG, in 2007 the bases for the political dialogue according to Article 8 of the Cotonou Agreement were laid. The EC Delegation held regular meetings and discussions not only with the NAO, but also with the Prime Minister and its office, as well as with the Ministry of Foreign Affairs, Trade and Immigration.

More Focused Development Action: Along this perspective, the EU has aligned its development strategy to the Pacific Islands Development Strategy which focuses on good governance, regionalism and sustainable management of natural resources. Since PNG has a huge National Indicative Programme, the Regional Indicative Programme focuses and benefits more the smaller island pacific countries. This means that there is only synergy at the strategic and policy level and not the implementation or activity levels. However, in 2007, the B Envelopes from several Pacific Island States were mobilized for a Regional Disaster Risks Management Programme. The financing agreement was signed in October 2007 during the Forum Leaders meeting together with the Facilitating Agriculture Commodity Trade Project - a project intending to facilitate increased agricultural commodity trade in the pacific by working with selected enterprises in farming and forestry sectors.

The EU recognizes that the pacific island countries are particularly vulnerable to natural disasters, climatic change, environmental degradation and external economic shocks. For this reason the EU Member States and the Community support disaster prevention and preparedness in these countries, with a view to increasing their resilience in the face of these challenges. The aim of this project is to do exactly that. It will also maximize the close synergies with EU regional and national water sector support programmes.

Natural disasters are expected to become more frequent and intense through global warming. The EU has a leadership role in promoting international action to tackle climate change. In 2007, the European Commission has proposed to build a new alliance on climate change between the EU and developing countries. Through this alliance the EU and partner countries will work jointly to integrate climate change into poverty reduction strategies. Substantial resources will be provided by the EU for this purpose. The Alliance renews the commitment of the EU Action Plan on Climate Change and Development to systematically integrate climate change into development cooperation. Proof of this commitment is today's signing of the Disaster Risk Reduction Programme.

More Effective Delivery: In addition to the donor coordination and harmonisation activities taking place within PNG (see following chapter), at a regional level, given the geographic location of the countries of the region, donor coordination is a challenge especially amongst and between the pacific island countries. A good example of this challenge is the preparation for the EPA with the EU. Communication, coordination and logistics for meetings and dissemination of information was a frustration which is one of the main reasons why there was limited progress and preparation resulting in only Fiji and PNG initialing the Agreement in 2007. There are ineffective communication systems in terms exchanges of experiences amongst the pacific islands states for better and effective delivery of aid. The information regarding the implementation of regional indicative programmes does not normally reach concerned officials at the national levels for information and sound decisions. The above perspective is better at the EC-Delegations in the region.

In terms of effective aid delivery, the EU has concentrated one its focal areas under the RIP in human resource development and sustainable management of natural resources. At the national level, human resources development was maintained as a focal sector but the second focal sector sometimes varied to focus on national need and in most cases focuses income generation activities.

5. DONOR COORDINATION AND HARMONISATION

The Government's mandate in Aid Coordination is vested in the Department of National Planning & Monitoring. Since the signing of the Paris Declaration, the government has been in discussion and collaboration with all the donors undertaking major steps to localisation of the declaration. The Paris Declaration, to which PNG is party, is "designed to track changes and encourage progress at global level among countries and agencies that have agreed to this declaration.

In October 2006, the Department of National Planning & Monitoring hosted an Aid/Donor Coordination workshop which led to the signing of the Madang Road Map to localisation of the Paris Declaration. Several meetings were held in 2007 on a rotating chairmanship basis where activities were identified, decisions were made responsibilities divided and progress monitored on the basis of milestones.

Perhaps, the biggest milestone which the government achieved in 2007 is the finalisation and approval of the MTDS Performance Management Framework. This paved the way forward for the donors to clearly see whether their respective sector of concentration is progressing and if not identify why and how to progress and/or improve progress in the indicators.

With the principle of concentration, it has guided the EU's programming at the national and regional levels. This means selecting a limited number of priority areas of action, through the dialogue with partner countries, rather than spreading efforts in too many sectors. In this context the has been focusing on education, training and human resource development and rural development with non-focal areas in governance & institutional capacity building, human rights & rule of law and support to NSAs.

As a result of the above, progress was again presented and discussed during the 2007 Aid/Donor Coordination Worksop resulting in the signing of the Kavieng Declaration on Aid Effectiveness where all the donors signed commitments to undertake different actions in progressing the localization of the Paris Declaration in 2008. With the simplification of the Paris Declaration from the in Madang Action Plan, the Kavieng Declaration bring more realistic and concrete targets, indicators and plan of action and protocols for Missions to PNG and management of TA in PNG. The donors have agreed to work with the government in terms of aligning and harmonizing development aid into the government system.

With regard to SWAP, AusAID has been involved in sectoral approaches in the health and law and justice sectors which are more sector coordination since funding control and implementation decisions are still being control. Therefore, implementing the commitment and eventually the final agreements would be a real

challenge especially in regard to implementation of governance reforms procurement and financial management & information system. These are the challenges that both government and donors will continue to discuss and work on in 2008.

From the EU perspective, the NAO Support Unit has proposed a new delegated NAO System which is inline with the Paris Declaration. The proposal which has been submitted to the EC-Delegation in 2007 still remains to be further discussed between the NAO and HOD.

6. DIALOGUE IN COUNTRY WITH THE NSAs, LOCAL AUTHORITIES AND THE NATIONAL PARLIAMENTS

From 2008 onwards, under the 9th EDF, the EU will directly support improvement of governance and service delivery in PNG at local level as well as through strategic alliances with Non State Actors. The EU in PNG has substantial experience in working with NSAs within the context of service delivery through programmes such as The Rural Water Supply and Sanitation, Rural Coastal Fisheries Development Programme, the sustainable eco-forestry programme and various NSAs projects from budget lines such as support to advocacy for revision of the electoral system and various health projects and eco-tourism projects. These interactions with NSAs in PNG show a strong need for capacity building and increased knowledge on procedure and requirements for EC funding. Previously, there has been little progress in building bridges between the agendas of donors, civil society and government through round table meetings, despite the fact that there is a willingness to improve public participation, governance, and considerable interest in public sector reform generally. Opportunities also exist to cooperate with donors in supporting the role of NSAs in the decentralisation process at provincial and district levels.

The Consultative, Implementation and Monitoring Council (CIMC) chaired by the Minister of the DNP&RD and established some four years ago is another important avenue for coordinating and monitoring policy. The Council, comprising of high-level representatives from the GoPNG, civil society and the private sector holds an annual forum in which it trashes out policy and development issues and then makes recommendations to the government. It also reviews major policy decisions implemented by the government in previous years. The formation of the Council stemmed from a perception that government was not getting enough advice from non-state actors, especially the private sector, and that this had affected the quality of governance. Even in cases where decisions were taken, not enough was being paid to coordinating the implementation of policies and that the GoPNG was failing to implement important decisions. The CIMC was therefore established to include non-state actors into the policymaking process and to assist the GoPNG develop and coordinate the implementation of policy. The Council continues to play an important role within the GoPNG and some of its recommendations have been taken on-board in the MTDS. There are, however, questions about the ability of the CIMC to coordinate as well as to monitor the implementation of policy given that it does not have the capacity to do so. Moreover, since it only recommends, its advice really depends on whether the government takes it seriously.

At the parliamentary level, the NAO of PNG is a politician who normally represents the government in the execution of decisions and agreements. It is a government requirement that all major decisions have to be endorsed by the National Executive Council and it is the NAO's responsibility to present a case and obtain a NEC decision before implementation can proceed. The NAO also briefs the NEC and in certain cases the parliament on progress and issues relating to implementation of the EDF programme in PNG.

7. CONCLUSIONS

Political stability, supported by strong economic growth, improved over recent years and PNG held its first general elections using the Limited Preferential Voting system. The same Government, which held power for a full term (2002-2007), was returned to office in August 2007. With enhanced political stability, the government has aimed at sustaining and growing the economy through removing impediments to growth and investment, and improving physical infrastructure. The Government has continued with its medium term strategies - the *Medium-Term Fiscal Strategy*, the *Medium-Term Development Strategy* and the *Medium-Term Debt Strategy* - which provided a coherent medium term policy framework, mapping out future plans and building on the gains achieved to date.

In 2007 the government took the lead in investment compared to previous years where donors provided more funding. When all Government expenditure is taken into account, the Government is the lead financier in six out of the seven Expenditure Priorities Areas under the MTDS. It is envisaged that the trend towards greater Government leadership in terms of financing will coincide with the Government taking greater responsibility for service delivery in each of the MTDS priority areas.

PNG's macroeconomic performance has improved in recent years. 2007 marked the fifth year in a row of economic growth, with growth at 5.4 percent. While economic growth was at its highest rate in over a decade, the challenge is of sustaining and further improving performance, as well as translating these gains into tangible benefits for the people. A strong and sustainable economic growth is also required to make a noticeable improvement in income per capita growth, given the population growth rate of 2.7 percent per annum. PNG has benefited from the favorable global economic conditions and high international commodity prices. The country has pursued prudent economic, financial and fiscal management which have together, resulted in improved consumer and investor confidence in the economy. Recently, the international credit rating agency, Standard and Poors upgraded its long-term foreign currency rating on PNG to B+ and long-term local currency rating to BB- thus the long-term growth prospects are also favorable. Inflation has remained low, with the outcome in 2006 of 2.6 percent on a year-on-year average. Interest rates also remained low by historical standards while the exchange rate has remained relatively stable, with a slight appreciation against the United States dollar, although it has depreciated against the Australian dollar over 2006 and 2007. Foreign exchange reserves continued to increase to historical levels. The Bank of PNG will continue to maintain the floating exchange

rate regime, with intervention only to smoothen out short-term exchange rate volatility.

Despite these achievements, the law and order situation as well as social challenges remain to be vigorously addressed. Criminality in a few urban centers remains high and service delivery. The HIV/AIDS pandemic represents a threat to the population, while public health and education facilities need improving, and transport infrastructure needs rehabilitating. The country continues to face the challenge of raising the efficiency of public utilities to provide vital services to businesses and the population at large. The Public Service Machinery needs to be revamped to effectively deliver basic goods and services to the people. Furthermore, PNG is a small, open and developing economy still faces several risks to the economic outlook. These risks include any of the following: down-turn in the global economy; fall in major export commodity prices; depreciation of our currency, especially against the Australian dollar; and natural disasters such as pests, frosts, floods, landslides, cyclones and volcanic eruptions.

The Government of PNG is making efforts to improve the delivery of public services, and is continuing with its reform agenda it started in 2003 under its broader public sector reform. The Public Expenditure Review and Rationalization process and implementation of its recommendations has had solid donor support including from the World Bank. The financial sector liberalization and reforms have contributed to reducing business impediments, enhance competition and supported private sector growth. Reform work is also continuing in the trade and the public utilities.

The EU has been concentrating on human resources development and rural socio-economic development under its 8th, 9th and now the 10th EDF. Governance, capacity building and trade have been the EU's non-focal areas. These sectors, being key elements for poverty alleviation, are clearly in line with the Poverty Reduction Strategy and with the Millennium Development Goals the EU endorses. In the 8th EDF, main focus was given to support in income generation and infrastructure investments in primary, secondary, technical/vocational and university with the aim of increasing access and gender equity. In the 9th EDF strategy, more emphasis is given at strengthening education and improving the quality of rural life. The introduction of non-state actors as implementing agents in the focal sectors including governance and support to non-state actors are significant shifts towards ownership and sustainability. The 10th EDF has a similar focus on Rural Economic Development and Education, Training & Human Resource Development with Governance & Institutional Capacity Building as a cross-cutting issue.

A lot of challenges were experienced in the projects and programmes under implementation or recently completed are related to non-adherence to and/or ignorance of established procedures and processes by responsible managers/supervisors and their accounting officers. It can be argued that there are capacity problems within the NAO Support Unit as well as the EC-Delegation, which had contributed to limited oversight and control leading to such problems and time-consuming efforts to resolve them.

Despite the challenges, there were significant impacts and outcomes which were more visible and will be visible in the course of 2008. The construction and rehabilitation of educational facilities under the 8th EDF have been completed and there is a noticeable increase in student enrolments in primary, secondary, vocational schools and tertiary institutions. Other good examples with impact on rural population are from STABEX funds. With research from Stabex funds, cocoa farmers now have a hybrid which yields in 9 months, coffee farmers can earn more due to improved quality, alternate cash crops are available for farmers and it has contributed to the Bougainvillean people and its economy as a result of the cocoa rehabilitation and related skills training thus contributing to increased production and income. The Euro 50 million Sysmin programme is already attracting and increasing mining exploration in the country with its updated digital and online geological information and small scale miners will surely benefit from the training and equipment that will enable them to increase their production safely.

The challenge with Donor coordination and harmonisation is improving at the strategy and programming stages where the government and donors do have a certain level of effective consultation. At these stages, strategies and programmes are well coordinated and complimentary. A lot has been done since the Madang Action Plan and further progress has been made with clear commitments at the Kavieng Declaration in regard to the localisation of the Paris Declaration on Aid Effectiveness.

Annex 1 Key macro-economic performance indicators

		2003	2004	2005	2006	2007	2008	2009
Basic data								
1	Population (in 1000)	5.6	5.8	5.9	6.1	6.241	6.385	6.532
	- annual change in %	1.8	2.7	2.8	2.9	2.3	2.3	2.3
2a	Nominal GDP (in millions)	3586	4262	4867	5241	5466		
2b	Nominal GDP per capita (in millions)	638	738	821	860	874		
2c	- annual change in %							
3	Real GDP (annual change in %)	2.9	2.9	3.4	2.6	5.2	4.0	4.5
4	Gross fixed capital formation (in % of GDP)	N/A	N/A	N/A	N/A	N/A		
International transactions								
5	Exports of goods and services (in % of GDP)	67.9	65.0	71.5	75.3	64.0		
	- of which the most important: Minerals & Hydrocarbon (in % of GDP)	46.1	45.4	52.9	55.7	50.0		
6	Trade balance (in % of GDP)	3.9	2.9	12.5	10	10.6		
7	Current account balance (in % of GDP)	1.0	1.5	0.0	0.0	0.2		
8	Net inflows of foreign direct investment (in Mill)	101	26	26	34			
9	External debt (in % of GDP)	89.6	61.4					
10	Service of external debt (in % of exports of goods and non-factor services)	7.3						
11	Foreign exchange reserves (in months of imports of Goods and non-factor services)							
Government								
12	Revenues (in % of GDP)	28.3	31.6	35.2	33.6	29.8	36.7	34.5
	- of which: donor grants (in % of GDP)	5.4	6.2	8.5	6.1	6.2		
13	Expenditure (in % of GDP)	29.2	30.1	35.2	33.6	30.0		
	- of which: capital expenditure (in % of GDP)	8.1	9.5	12.3	14.2	10.2		
14a	Deficit (in % of GDP) including grants							
14b	Deficit (in % of GDP) excluding grants							
15	Debt (in % of GDP)	83.1	60.0	47.6	39.5	34.9	31.8	29.1
	- of which: external (in % of total public debt)	39.0	34.9	25.5	21.3	18.0	15.5	13.1
Other								
16	Consumer price inflation (annual average change in %)	14.7	2.1	1.7	2.3	3.0	4.8	4.6
17	Interest rate (for money, annual rate in %)			4.5	5.5	7.0	7.0	7.0
18	Exchange rate (annual average of national currency per 1 US\$)							
19	Unemployment (in % of labour force, ILO definition)							
20	Employment in agriculture (in % of total employment)							

Comment [ja1]: Wellens to check & provide official rate

Data source(s): PNG-EC CSP & NIP for the Period 2008-2013, 2008 Dev Budget Volume 1 (Appendix 3 Economic & Fiscal Data Tables, Dept of Treasury)

Annex 2 Key MDG indicators

The data as required by the table as proposed is not available but PNG has tailored all global targets as well as most of the indicators associated with the MDGs to reflect the realities and priorities of the country. These tailored targets are an important component of the Government's response to the challenges the country is facing. These specific targets and indicators have been included as part of the country's Medium Term Development Strategy.

Considering PNG's development situation and progress made since 1990, the tailored national targets are still very demanding. PNG faces many challenges in achieving these targets, some of which are MDG specific whereas others affect the implementation of all MDGs, or more generally the achievement of all development goals in the country.

International Target	National Target	1990	1996	Recent date	Progress on National Target since 1996
MDG 1: Eradicate extreme poverty and hunger					
Reduce by half the proportion of people living on less than \$1/day	Decrease by 10% the proportion of people below the poverty line	35 ^a	25 ^a	39 (2005 est.) ^a	Deterioration
Reduce by half the proportion of people who suffer from hunger	Increase commercial agricultural production by 10%; subsistence by 34%	% children under 5 who are underweight			On track
		36 ^b	29 ^b	25 (2000) ^b	
MDG 2: Achieve universal primary education					
Ensure that all boys and girls complete a full course of primary schooling	Achieve a gross primary enrolment rate of 85%	66 ^d	79 ^d	75 (2003) ^d	Deterioration
	Achieve a primary cohort retention rate of 70%	58 ^c	61 (1995) ^g	53 (2003) ^g	Deterioration
	Achieve youth literacy rate of 70%	68.6 ^b	72.9 ^b	66.7 (2004) ^b	Deterioration
MDG 3: Promote gender equality and empower women					
Eliminate gender disparity in primary/secondary education preferably by 2005; at all levels by 2015	Eliminate gender disparity in primary/secondary education by 2015; in upper secondary & above by 2030	Gross primary & secondary enrolment, female to male ratio			Slow progress
		0.79 ^d	0.84 (1995) ^d	0.87 (2003) ^d	
MDG 4: Reduce child mortality					
Reduce by 2/3 the mortality rate among children under five	Reduce infant mortality rate to 44 per thousand	74 ^d	73 ^a	64 (2000) ^g	On track
	Reduce under 5 mortality rate to 72 per thousand	101 ^f	95 ^a	93 (2004) ^f	Slow progress
MDG 5: Improve maternal health					
Reduce by 3/4 the maternal mortality ratio	Decrease the maternal mortality rate to 274 per 100,000 live births	930 ^b	390 (1995) ^b	300 (2000) ^d	Slow progress
MDG 6: Combat HIV/AIDS, malaria, and other diseases					
Halt and begin to reverse the spread of HIV/AIDS	Have the spread of HIV/AIDS controlled by 2015 & stabilized by 2020	HIV prevalence (% of population, age 15-49)			Deterioration
		No data	1.6 (2003) ^d	1.8 (2005) ^d	
Halt and begin to	Have the spread of	Incidence of TB (per 100,000 people)			No progress

reverse the incidence of malaria and other major diseases	pneumonia, malaria, other major diseases controlled by 2015 & either stabilized or reversed by 2020	250 ^d	250	250 (2005) ^d	
MDG 7: Ensure environmental sustainability					
Integrate principles of sustainable development into country policies and programs; reverse loss of environmental resources	Implement principles of sustainable development through sector-specific programs	Forest area (% of land area)			Deterioration
		70 ^d	67 (2000) ^d	65 (2005) ^d	
Reduce by half the proportion of people without sustainable access to safe drinking water	Increase number of households with access to safe water to 60 percent by 2010 and 85 percent by 2020	39 ^d	No data	39 (2004) ^d	No progress
Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020	Achieve a significant improvement in the lives of the disadvantaged/vulnerable in urban areas by 2020	Slum population (% of urban population)			No progress
		19 ^b	No data	19 (2001) ^b	

Source: World Bank – PNG Country Assistance Strategy 2008-2011, October 2007

(Notes: ^a World Bank. 2004. *Papua New Guinea: Poverty Assessment*. Washington DC: World Bank. ^b Asian Development Bank. 2006. *ADB Country Strategy and Program: Papua New Guinea (2006-2010)*. Appendix 2. Manila: Asian Development Bank. ^c Government of Papua New Guinea and United Nations in Papua New Guinea. 2004. *Millennium Development Goals: Progress Report for Papua New Guinea 2004*. ^d World Bank. *World Development Indicators*. SIMA database and/or HNP Stats database. ^e UNDP. 2006. *Human Development Report 2006*. New York: UNDP. ^f World Bank. 2006. *World Development Report 2007: Development and the Next Generation*. Washington DC: World Bank. ^g Asian Development Bank, AusAID, World Bank. 2006. *Papua New Guinea: Strategic Directions for Human Development*. Manuscript).

ANNEX 3 - EDF 9 sectoral breakdown

country: PNG

EUROPEAN CONSENSUS	SUB SECTOR AND PART SBS	in euro x 1000 total cumulative individual commitments 31.12.07
governance, human rights and support to economic and institutional reforms	governance	
	economic and institutional reforms	
	Non State Actors	
conflict prevention and fragile states	conflict prevention and fragile states	
trade and regional integration	European Partnership Agreements	
	regional economic integration	
	private sector development	
infrastructure, communication and transport	infrastructure, communication and transport	4850
water and energy	water	6700
	energy	
	unspecified	
social cohesion and employment	social cohesion and employment	
environment and sustainable management of natural resources	environment and sustainable management of natural resources	
rural development, territorial planning, agriculture and food security	rural development and territorial planning	
	agriculture	
	food security	
human development	health	
	primary education	
	education unspecified	6700
TCF	TCF	1950
support to NAO	support to NAO	3500
unspecified	unspecified	
GBS	General Budget Support	
TOTAL	TOTAL	17000
percentage of 9th EDF commitments covered by largest sectors of concentration plus GBS	largest sector	0%
	Two largest sectors	39%
	Three largest sectors	71%
	Four largest sectors	
	Five largest sectors	
	nr of sectors to reach 85% of NIP	?
	sectors (NSA and GBS excluded)	?

in euro x 1000

EUROPEAN CONSENSUS	sectors	planned commitments in NIP for 10th EDF
governance, human rights and support to economic and institutional reforms	governance	
	economic and institutional reforms	
	Non State Actors	5000
conflict prevention and fragile states	conflict prevention and fragile states	
trade and regional integration	European Partnership Agreements	
	regional economic integration	
	private sector development	6000
infrastructure, communication and transport	infrastructure, communication and transport	
water and energy	water	
	energy	
	unspecified	
social cohesion and employment	social cohesion and employment	
environment and sustainable management of natural resources	environment and sustainable management of natural resources	
rural development, territorial planning, agriculture and food security	rural development and territorial planning	
	agriculture	
	food security	71500
human development	health	
	primary education	
	education unspecified	39000
TCF	TCF	
support to NAO	support to NAO	
unspecified	unspecified	8500
GBS	General Budget Support	
TOTAL	TOTAL A envelope	130000
	TOTAL B envelope (not allocated in the above table)	12300

ANNEX 5 - BUDGET LINES (nb: no EIB projects or budget support in PNG in 2007)

Forecast start semester	2008 S1
Forecast end semester	2009 S2

Domain	ALL
Delegation in charge	PG
Budget line	ALL

Budget lines under the responsibility of the EC Delegation to Papua New Guinea

Budget line	Domain	Contract nr	Status	Decision nr	Contract FDI Date	Situation before forecast		
						Contracted	Paid	RAL
PG-PAPUA NEW GUINEA 21030100	NSA in development	not yet signed	CfP 2008	AAP 2007		0	0	0
PG-PAPUA NEW GUINEA 21.030100	NGO co-financing (PVD)	ONG-PVD/2004/066-128	Ongoing	ONG-PVD/2003/004-56	02/03/2011	701.216	388.677	312.539
PG-PAPUA NEW GUINEA 21.040100	Environment	ENV/2005/081-821	Ongoing	ENV/2004/006-076	19/05/2012	1.825.638	761.532	1.064.106
PG-PAPUA NEW GUINEA 21.030100	NGO co-financing (PVD)	ONG-PVD/2005/111-838	Ongoing	ONG-PVD/2004/006-23	14/07/2011	1.111.238	421.569	689.669
PG-PAPUA NEW GUINEA 21.030100	NGO co-financing (PVD)	ONG-PVD/2005/113-681	Ongoing	ONG-PVD/2004/006-23	03/08/2010	730.133	377.695	352.438
PG-PAPUA NEW GUINEA 21.030100	NGO co-financing (PVD)	ONG-PVD/2005/129-914	Ongoing	ONG-PVD/2005/017-21	31/12/2009	746.745	229.133	517.612
PG-PAPUA NEW GUINEA 21.030100	NGO co-financing (PVD)	ONG-PVD/2007/144-224	Ongoing	ONG-PVD/2006/018-22	01/11/2010	749.900	0	749.900

Notes:

- This report contains contracts and invoices in status provisional, committed, decided and ongoing.
- Contracts in this report without a budget line mentioned have no forecast registered.
- Contracts without the analytical breakdown entered in CRIS will not appear in this report.
- Data in this report will have been refreshed the day before the 'Last Report Refresh' date mentioned at the bottom of the repo

Regional project with activities in Papua New Guinea

9 ACP - RPR 50

Water and Environment Sanitation Project in 3 provinces in PNG
Amounts committed end 2007: €1,152,474

2008 S1	Forecasts		2008 S2	Forecasts		2009 S1	Forecasts		2009 S2	Forecasts		After forecast
	Contracted	Paid		Recovered	Contracted		Paid	Recovered		Contracted	Paid	
			1,000,000				800,000					200,000
	0	0	0	121,209	0	0	70,121	0	0	0	0	121,209
	0	0	0	293,847	0	0	476,411	0	0	0	0	293,848
	233,712	0	0	0	0	0	455,957	0	0	0	0	0
	206,410	0	0	0	0	0	146,028	0	0	0	0	0
	221,479	0	0	0	0	0	221,479	0	0	74,675	0	-20
	259,580	0	0	0	0	0	207,665	0	0	0	0	282,655

rt.

YEAR	ACCOUNTING NUMBER	TITLE	SIC CODE	COUNTRY	REVENUE END 2007		ESTIMATION OF RISK FACTOR				ESTIMATION OF RISK FACTOR				ESTIMATION OF RISK FACTOR				COMMENTS		
					GLOBAL AMOUNT	AMOUNT PAYMENTS ON Ongoing PROJ.	1st	2nd	Low	High	Low	High	Low	High	Low	High	Low	High			
2000	BACP PNG1C 0	GAZELLE RESTORATION AUTHORITY M1 RESTORATION	2000000	0	4,827	4,827													OK need for further HQ instructions		
2000	BACP PNG1C 1	MICROPROJECTS PROJ: GAZELLE RESTORATION	2000100	0	4,827	4,827													OK need for further HQ instructions		
2000	BACP PNG1C 2	STARBUCK COFFEE - RAW	2000100	643,205	643,205	643,205	643,205												OK need for further HQ instructions		
2000	BACP PNG1C 3	CONV. TRANSFER OF ROASTED COFFEE	2000100	643,205	643,205	643,205	643,205												OK need for further HQ instructions		
2000	BACP PNG1C 4	SEXUAL HEALTH PROJ	2000100	2,510,842	2,510,842	2,510,842	2,510,842												OK The list of invoices were EUR 80,000 +, more than the balance available. This needs to be investigated for commitment for recruitment.		
2000	BACP PNG1C 5	SEXUAL HEALTH PROJ	2000100	74,005	74,005	74,005	74,005												OK To be closed		
2000	BACP PNG1C 6	SEXUAL HEALTH PROJ	2000100	540,343	540,343	540,343	540,343												OK To be closed		
2000	BACP PNG1C 7	SEXUAL HEALTH PROJ	2000100	58,956	58,956	58,956	58,956												OK To be closed		
2000	BACP PNG1C 8	SEXUAL HEALTH PROJ	2000100	410,557	410,557	410,557	410,557												OK To be closed		
2000	BACP PNG1C 9	SEXUAL HEALTH PROJ	2000100	5,965,939	5,965,939	5,965,939	5,965,939												OK		
2000	BACP PNG1C 10	SEXUAL HEALTH PROJ	2000100	1,252,000	907,943	444,257	100,000	50,000	150,000											OK	
2000	BACP PNG1C 11	SEXUAL HEALTH PROJ	2000100	71,400	55,040	18,360														OK Discontinuation in progress	
2000	BACP PNG1C 12	SEXUAL HEALTH PROJ	2000100	377,000	235,654	141,246														OK Discontinuation in progress	
2000	BACP PNG1C 13	SEXUAL HEALTH PROJ	2000100	402,000	355,298	46,702														OK Discontinuation in progress	
2000	BACP PNG1C 14	SEXUAL HEALTH PROJ	2000100	539,000	216,653	321,347														OK Discontinuation in progress	
2000	BACP PNG1C 15	SEXUAL HEALTH PROJ	2000100	477,700	345,589	132,111														OK Discontinuation in progress	
2000	BACP PNG1C 16	SEXUAL HEALTH PROJ	2000100	36,000	18,817	17,183	10,000	10,000	7,483											OK	
2000	BACP PNG1C 17	SEXUAL HEALTH PROJ	2000100	439,000	125,375	313,625														OK Discontinuation in progress	
2000	BACP PNG1C 18	SEXUAL HEALTH PROJ	2000100	4,895	0	4,895														OK Discontinuation in progress	
2000	BACP PNG1C 19	SEXUAL HEALTH PROJ	2000100	50,000,000	45,184,576	4,815,424														OK Discontinuation in progress	
2000	BACP PNG1C 20	SEXUAL HEALTH PROJ	2000100	2,151,000	1,234,052	916,948	200,000	150,000	50,000	150,000	200,000	80,000	20,000	80,000	20,000	80,000	20,000	80,000	20,000	OK Discontinuation in progress	
2000	BACP PNG1C 21	SEXUAL HEALTH PROJ	2000100	468,300	435,087	31,213	30,000	30,000												OK Discontinuation in progress	
2000	BACP PNG1C 22	SEXUAL HEALTH PROJ	2000100	19,500,000	9,206,117	10,293,884	4,900,000	3,000,000	750,000	1,500,000	1,500,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	OK Discontinuation in progress	
2000	BACP PNG1C 23	SEXUAL HEALTH PROJ	2000100	1,185,000	515,029	671,971	80,000	80,000												OK Discontinuation in progress	
2000	BACP PNG1C 24	SEXUAL HEALTH PROJ	2000100	496,100	167,565	328,535	100,000	80,000	20,000	20,000	100,000	80,000	20,000	80,000	20,000	80,000	20,000	80,000	20,000	OK Discontinuation in progress	
2000	BACP PNG1C 25	SEXUAL HEALTH PROJ	2000100	260,000	128,984	131,016	0	0	0	0	0	0	0	0	0	0	0	0	0	OK Discontinuation in progress	
2000	BACP PNG1C 26	SEXUAL HEALTH PROJ	2000100	5,951,157	5,274,080	677,077	800,000	700,000	100,000	100,000	800,000	700,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	OK Discontinuation in progress	
2000	BACP PNG1C 27	SEXUAL HEALTH PROJ	2000100	8,351,000	2,158,548	6,192,452	800,000	700,000	100,000	100,000	800,000	700,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	OK Discontinuation in progress	
2000	BACP PNG1C 28	SEXUAL HEALTH PROJ	2000100	176,000	84,413	91,587	0	0	0	0	0	0	0	0	0	0	0	0	0	OK Discontinuation in progress	
2000	BACP PNG1C 29	SEXUAL HEALTH PROJ	2000100	532,000	241,116	290,884	0	0	0	0	0	0	0	0	0	0	0	0	0	OK Discontinuation in progress	
2000	BACP PNG1C 30	SEXUAL HEALTH PROJ	2000100	1,481,555	278,669	1,202,887	500,000	300,000	100,000	100,000	480,000	280,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	OK Discontinuation in progress	
2000	BACP PNG1C 31	SEXUAL HEALTH PROJ	2000100	693,000	368,886	324,114	250,000	200,000	50,000	50,000	693,000	368,886	324,114	250,000	200,000	50,000	50,000	693,000	368,886	324,114	OK Discontinuation in progress
2000	BACP PNG1C 32	SEXUAL HEALTH PROJ	2000100	285,000	77,723	187,277	100,000	80,000	20,000	20,000	100,000	80,000	20,000	80,000	20,000	80,000	20,000	80,000	20,000	80,000	OK Discontinuation in progress
2000	BACP PNG1C 33	SEXUAL HEALTH PROJ	2000100	946,300	521,906	424,394	350,000	250,000	100,000	100,000	50,000	20,000	20,000	50,000	20,000	20,000	50,000	20,000	20,000	50,000	OK Discontinuation in progress
2000	BACP PNG1C 34	SEXUAL HEALTH PROJ	2000100	794,812	0	794,812	80,000	70,000	10,000	10,000	80,000	70,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	OK Discontinuation in progress

PAWIA NEW GUINEA EDF FORECASTS 2008 - 2009: PAYMENTS ON ONGOING PROJECTS.

YEAR	ACCOUNTING YEAR	TITLE	ESTIMATE OF RISK FACTOR		ESTIMATE OF RISK FACTOR		ESTIMATE OF RISK FACTOR		ESTIMATE OF RISK FACTOR		ESTIMATE OF RISK FACTOR		COMMENTS	
			1*	2*	1*	2*	1*	2*	1*	2*	1*	2*		
2002	BACP PNG16	20	PROVISION OF TA FOR SMALL SCALE MINING	2000852	1,580,000	0	1,580,000	230,000	200,000	30,000	200,000	200,000	90,000	OK
2002	BACP PNG16	21	SUPPLY OF IT EQUIPMENT FOR NEW MINING HAUS	2001077	354,351	0	354,351	330,000	330,000					OK
2002	BACP PNG16	0	IMPROVEMENT OF RURAL PRIMARY EDUCATION	2001126	4,974,200	25,000	5,000,000	25,000	24,351					OK
2002	BACP PNG16	1	SECONDARY EDUCATION	2000412	683,000	257,164	940,164	257,000						OK
2002	BACP PNG16	2	START UP WPCE	2000271	95,692	2,008	97,700							OK
2002	BACP PNG16	3	IMPROVEMENT OF RURAL FACILITIES PROGRAMME	2000276	200,000	71,520	271,520							OK
2002	BACP PNG16	4	PRIMARY EDUCATION	2000946	1,285,000	1,227,796	57,204							OK
2002	BACP PNG16	5	NGA OPERATIONAL PERIOD FROM	2001081	2,640,000	1,192,721	1,447,279	500,000						OK
2002	BACP PNG16	6	MID TERM REVIEW	2000411	88,000	64,694	23,306							OK
2004	BACP PNG16	0	EVALUATION AND FACILITY (TCP) PROGRAMME ESTIMATE	2001021	1,900,000	1,946,021	43,979							OK
2004	BACP PNG16	1	LAN TO JUNE 2008 P&K	2000830	135,000	52,358	82,642							OK
2004	BACP PNG16	2	FRAMING CONTRACT	2000834	68,625	68,625	0							OK
2004	BACP PNG16	3	AM919 LOTING LETTER CONTRACT OF A TRADE RELATED ASSISTANCE	2000416	184,461	184,282	179							OK
2004	BACP PNG16	4	PROJECT IN PNG	2000921	80,356	59,844	20,512							OK
2004	BACP PNG16	5	SUPPORT PROGRAMME IN DISTRICT TOWNS WATER SUPPLY PROGRAMME	2000331	171,260	146,273	22,987							OK
2004	BACP PNG16	6	FEASIBILITY STUDY FOR THE FACILITATION OF RURAL WATER SUPPORT PROGRAMME	2000121	93,190	55,998	37,272							OK
2004	BACP PNG16	7	NATIONAL ELECTIONS 2007	2000945	163,000	120,000	43,000							OK
2004	BACP PNG16	8	MEDIA CENTRE	2000421	812,300	0	812,300	260,000	50,000	250,000				OK
2004	BACP PNG16	9	FACILITY - PREPARATION OF REP. START-UP FACILITATION MISSIONS FOR DTWS	2000331	16,000	0	16,000							OK
2004	BACP PNG16	10	EUROPEAN UNION SUPPORT PROGRAMME TO THE NGA (PHASE II)	2000830	4,200,000	3,906,499	293,501							OK
2004	BACP PNG16	11	ESTIMATE	2005121	2,500,000	676,483	1,823,517	305,000	240,000	130,000	360,000	240,000	130,000	OK
2004	BACP PNG16	12	OPERATIONAL PERIOD ESTIMATE	2000221	252,000	157,919	94,081							OK
2004	BACP PNG16	13	AC2 FROM 0/00387 TO 000029	2000221	303,000	71,792	231,208	40,000	10,222	11,247				OK
2004	BACP PNG16	14	FORENSIC AUDIT OF RPEE	2000311	112,469	0	112,469	112,469	78,000					OK
2004	BACP PNG16	15	NOTE OF NAO - 16.12.07	2000834	260,000	0	260,000	78,000						OK
2004	BACP PNG16	16	INCOMES P9853	2000311	4,900,000	4,964,086	48,992							OK
2004	BACP PNG16	17	RESTORATION PRG	2000281	1,565,000	1,387,693	177,307							OK
2004	BACP PNG16	18	ADDIT OF THE PROGRAMME	2000221	2,470	0	2,470	2,470						OK
2004	BACP PNG16	19	PE NGA 2 FROM 23.11.2007	2000121	1,453,000	0	1,453,000	1,453,000	1,000,000	453,000				OK
2004	BACP PNG16	20	RURAL WATER SUPPLY AND SANITATION PROGRAMME ESTIMATE	2000921	8,000,000	6,894,933	1,105,067							OK
2004	BACP PNG16	21	PROVISION OF TA IN PNG FOR THE RURAL WATER SUPPLY AND SANITATION PROGRAMME	2000331	1,745,775	842,550	903,225	675,000	228,225	228,225				OK
2004	BACP PNG16	22	PE NGA 1 FROM 10/09/2006	2001031	440,600	309,269	131,331							OK
2004	BACP PNG16	23	RANGSP - ADRA PROPOSAL	2000221	795,000	651,631	143,369							OK
2004	BACP PNG16	24	MID TERM REVIEW PROGRAMME ESTIMATE	2000221	58,974	54,318	4,656							OK
2004	BACP PNG16	25	GRANT FUND 2007 FROM 9/30/07 TO 31/12/07	2000830	2,041,000	903,400	1,137,600	1,000,000	300,000	237,600				OK
2004	BACP PNG16	26	PROVIDING SAFE DRINKING WATER AND WOSEGA GAWI AND ANDORAM RURAL WATER	2000221	133,000	56,423	77,577	60,000	17,977	17,977				OK
2004	BACP PNG16	27	PE NGA 2 FROM 10/09/2006	2001031	216,000	89,954	126,046	100,000	28,046	28,046				OK
2004	BACP PNG16	28	RANGSP - ADRA PROPOSAL	2000221	178,000	0	178,000	150,000	28,000					OK
2004	BACP PNG16	29	WATER SANITATION & HEALTH EDUCATION SUPPORT TO THE ORNAM	2001031	0	0	0							OK

EDF FORECASTS 2008 - 2009: PAYMENTS on ONGOING PROJECTS.

(Amounts in €)

YEAR of SUB- emitt.	ACCOUNTING YEAR GLBA, comm. COMMIT.	TITLE GLOBAL COMMITMENT	TITLE INDIVIDUAL COMMITMENT	END DATE of the commitment	SITUATION END 2007		FORECASTS on PAYMENTS 1st SEM 2008			FORECASTS on PAYMENTS 2nd SEM 2008			FORECASTS on PAYMENTS 3rd SEM 2008			COMMENTS		
					GLOBAL COMMIT.	INDIV. COMMIT.	1st SEMESTER	2nd SEMESTER	3rd SEMESTER	1st SEMESTER	2nd SEMESTER	3rd SEMESTER	1st SEMESTER	2nd SEMESTER	3rd SEMESTER			
					AMOUNT ON PAYMENT COMMIT.	REV. COMMIT.	0	Low	Medium	High	0	Low	Medium	High	0	Low	Medium	High
2005	9ACP PNG4	15	COMMUNITY BASED WATER SANITATION PROJECT IN KAK	2008/03/31	0	0	0											OK
2005	9ACP PNG4	16	WADING NORTH COAST WATER AND SANITATION DEVELOPMENT PROJECT	2008/03/31	0	0	0											OK
2005	9ACP PNG4	17	WATER SUPPLY AND SANITATION PROJECT UNITED CHURCH PAPUAN REGIONS WATER & SANITATION PROGRAM ESTIMATE	2008/03/31	244,000	0	244,000	174,000										OK
2005	9ACP PNG4	18	REGIONS WATER & SANITATION PROGRAM ESTIMATE	2008/03/31	137,000	0	137,000	110,000										OK
2005	9ACP PNG4	19	NOT FROM 1/11/07 TO 2008/03/31	2008/03/31	409,000	99,892	320,718	320,718										OK
2005	9ACP PNG4	20	NOTE OF MOG - 06.12.2007 2008/03/31	2008/03/31	201,987	0	201,987	180,000										OK
2005	9ACP PNG6	0	HUMAN RESOURCES DEVELOPMENT TRAINING AND EDUCATION PROGRAM ESTIMATE	2019/12/31	95,000,000	6,701,380	32,298,620											OK
2005	9ACP PNG6	1	THE EDUCATION IMPROVEMENT OF RURAL INFRASTRUCTURE AND FINANCING AGREEMENT		6,701,380	1,421,749	5,279,631	528,000							540,000	540,000	540,000	OK
2007	9ACP PNG8	0	SUPPORT TO NON STATE ACTORS RELATED TO TRADE RELATED ASSISTANCE TO PNG GOVERNMENTS IN DISASTER RISK REDUCTION PROGRAMME PHASE II	2008/12/31	1,000,000	0	1,000,000											OK
2007	9ACP PNG8	0	SUPPORT TO NON STATE ACTORS RELATED TO TRADE RELATED ASSISTANCE TO PNG GOVERNMENTS IN DISASTER RISK REDUCTION PROGRAMME PHASE II	2008/12/31	5,000,000	0	5,000,000											OK
2007	9ACP PNG9	0	ACTORS RELATED TO TRADE RELATED ASSISTANCE TO PNG GOVERNMENTS IN DISASTER RISK REDUCTION PROGRAMME PHASE II	2008/12/31	500,000	0	500,000											OK
2007	9ACP PNG10	0	ACTORS RELATED TO TRADE RELATED ASSISTANCE TO PNG GOVERNMENTS IN DISASTER RISK REDUCTION PROGRAMME PHASE II	2008/12/31	2,440,000	0	2,440,000											OK
2007	9ACP PNG12	0	ACTORS RELATED TO TRADE RELATED ASSISTANCE TO PNG GOVERNMENTS IN DISASTER RISK REDUCTION PROGRAMME PHASE II	2008/12/31	15,000,000	0	15,000,000											OK
2007	9ACP PNG13	0	ACTORS RELATED TO TRADE RELATED ASSISTANCE TO PNG GOVERNMENTS IN DISASTER RISK REDUCTION PROGRAMME PHASE II	2008/12/31	3,500,000	0	3,500,000											OK
2007	9ACP PNG14	0	ACTORS RELATED TO TRADE RELATED ASSISTANCE TO PNG GOVERNMENTS IN DISASTER RISK REDUCTION PROGRAMME PHASE II	2008/12/31	4,983,500	0	4,983,500											OK
2007	9ACP PNG15	0	ACTORS RELATED TO TRADE RELATED ASSISTANCE TO PNG GOVERNMENTS IN DISASTER RISK REDUCTION PROGRAMME PHASE II	2008/12/31	17,000,000	0	17,000,000											OK

YEAR of GLOB. Commit	ACCOUNTING NUMBER of GLOBAL commit.	0	TITLE GLOBAL COMMITMENT	Original RAC		Possible RAC to decommit		1st SEM 2008		2nd SEM 2008		New RAC after Decommit & Payment
				Original RAP	Forecasted payments 2008	RAP after forecasted payments	Forecasted De- commitments		Forecasted De- commitments			
							Forecasted De- commit. to not be re-use	Forecasted Decommit' to Recommit	Forecasted De- commit. to not be re-use	Forecasted Decommit' to Recommit		
N/C	TITLE INDIVIDUAL COMMITMENT	Original RAP	Forecasted payments 2008	RAP after forecasted payments	Forecasted De- commit. to not be re-use	Forecasted Decommit' to Recommit	Forecasted De- commit. to not be re-use	Forecasted Decommit' to Recommit	New RAP after Decommit & Payment			
							724,324	3,295,627	577,534	4,021,213		
1994	7ACP PNG9	0	LOME IV MICROPROJECT PROGRAMME	0	0	0					0	
1994	7ACP PNG9	1	MICROPROJECTS PROGRAMME; 4,750,000 PGK	0	0	0					0	
1994	7ACP PNG17	0	HUMAN RESOURCES DEVELOPMENT PROGRAMME	0	0	0					0	
1994	7ACP PNG17	23	COST ESTIMATES FOR 1995 AND 1996 : 1,139,679 PGK	630	0	630	630				0	
2000	7ACP PNG58	0	GAZELLE RESTORATION AUTHORITY MT RESTORATION PROGRAMME	146,597		146,597	146,597				0	
2000	7ACP PNG58	1	MICROPROJECTS PROGR.; GAZELLE RESTORATION; 750,148.89 PGK	0	0	0					0	
1999	8ACP PNG3	0	HUMAN RESOURCES DEVELOPMENT PROGRAMME 2 (HRDP 2)	0	0	0					0	
1999	8ACP PNG3	6	WP - LEITANA NEHAN WOMENS DEV AGENCY; 4,834 PGK	0	0	0					0	
1999	8ACP PNG3	7	SERV. CONTR. STUDIO BICHARA SRL; 3,845,436.48 PGK	4	0	4			4		0	
1999	8ACP PNG3	8	SERV. CONTR. GOPA CONSULTANTS ; 1,445,500 PGK	19,945	0	19,945			19,945		0	
1999	8ACP PNG3	9	WP 2000 ICT 3 (20/05/00- 30/06/00) ; 117,000 PGK	0	0	0					0	
1999	8ACP PNG3	26	SUPPLY CONTR LOT 1 AUTOMOTIVE TECH; SOLADO SRL; 591,900 PGK	49	0	49	49				0	
1999	8ACP PNG3	31	HRDP II 2001 WP (27/03/01- 27/09/03); RIDER 1-2; 2,585,000 PGK	304	0	304	304				0	
1999	8ACP PNG3	112	KABALEO TEACHERS COLLEGE; KUMAGAI GUMI LTD. 6,963,876.53PGK	3,773	0	3,773	3,773				0	
1999	8ACP PNG3	115	PROGR. IMPL. UNIT WP/CE 2003 1,559,000 PGK	49	0	49	49				0	
1999	8ACP PNG3	116	WP 2004 (01/01/04 - 31/12/04) 856,900 PGK	61	0	61	61				0	
1999	8ACP PNG3	129	PROGRAMME ESTIMATE NO.5	24,008	0	24,008	24,008				0	
1999	8ACP PNG3	132	EXTENSION OF UNIVERSITY OF TECHNOLOGY (UNITECH); WORKS	12,734	0	12,734	12,734				0	
1999	8ACP PNG3	133	PROGRAMME ESTIMATE (NO.6) OPERATIONAL PERIOD	8,362	0	8,362	8,362				0	
1999	8ACP PNG3	138	PNG HRDP II - END OF TERM EVALUATION	2,224	0	2,224	2,224				0	
1999	8ACP PNG4	0	EU PROGRAMME MGMT UNIT IN SUPPORT OF NAO.	0	0	0					0	
1999	8ACP PNG4	1	SERV. CONTR. PMU/NAO; SOFRECO S.A.; RID 1+2; 5,170,071.59 PGK	70,758	0	70,758			70,758		0	
1999	8ACP PNG4	5	AWP 2 (01/07/02-30/06/03); 255,000 PGK	0	0	0					0	
1999	8ACP PNG4	7	WORK PROGRAMME (01/01/2004 - 31/12/2004) 315,000 PGK	7,770	0	7,770	7,770				0	
1999	8ACP PNG5	0	ECO-FORESTRY PROGRAMME	10,047		10,047	10,047				0	
1999	8ACP PNG5	1	SERV. CONTR. ECO- FORESTRY; AGRIFOR CONSULT; 3,441,210 PGK	52,865	0	52,865	52,865				0	
1999	8ACP PNG5	2	PRELIMINARY WP (25/05/01- 31/12/01); RIDER 1&2; 1,071,587 PGK	0	0	0					0	
1999	8ACP PNG5	4	WP 1 (01/01/02-31/01/03); + RIDER 1; 5,999,331 PGK	0	0	0					0	
1999	8ACP PNG5	5	WP 2 (13/03/2003-29/02/2004); 7,616,345.95 PGK	25,012	0	25,012			25,012		0	
1999	8ACP PNG5	6	WP/CE NO.3 (01/03/2004 - 28/02/2005) 6,090,000 PGK	26,747	0	26,747			26,747		0	
1999	8ACP PNG5	8	ECOFRESTRY PROGRAMME FA NO. 6205/PNG	2,500	0	2,500			2,500		0	
1999	8ACP PNG5	9	OPERATIONAL PERIOD FROM 01/09/05 TO 31/08/06	44,433	0	44,433			44,433		0	
1999	8ACP PNG5	10	RESEARCH PROJECTS TO ADDRESS ECO-FORESTRY CONCERNS AND	10,769	0	10,769			10,769		0	
1999	8ACP PNG5	11	PROJECT FOR FORESTRY CONSERVATION AWARENESS IN THE CRATER	14,606	14,606	0					0	
1999	8ACP PNG5	13	FOREST SECTOR STUDIES FOR THE SEMINAR ON TREES AND	32,986	0	32,986			32,986		0	
1999	8ACP PNG5	14	NATIONAL DIALOGUE ON FORESTRY	131,916	0	131,916			131,916		0	
2000	8ACP PNG10	0	GAZELLE RESTORATION AUTHORITY MT RESTORATION PROGRAMME	4,827		4,827					4,827	
2000	8ACP PNG10	1	MICROPROJECTS PROGR.; GAZELLE RESTORATION; 2,122,016.68 PGK	0	0	0					0	
2000	8ACP PNG10	0	STABEX 99 COFFEE - RAW OR ROASTED	44,650		44,650					44,650	
2000	8ACP PNG10	1	CONV. TRANSFER STABEX/28/99/PNG (RAW OR ROASTED COFFEE)	643,205	643,205	0					0	
2000	8ACP PNG14	0	SEXUAL HEALTH	5,788		5,788					5,788	
2000	8ACP PNG14	1	SERV. CONTR. 2002/002/EU/SC; EURO HEALTH GR; 2,905,918.49 PGK	74,005	74,005	0					0	
2000	8ACP PNG14	5	WP/CE (JAN - DEC 2004) 3,731,001.75 PGK	0	0	0					0	

YEAR of GLOB Commit	ACCOUNTING NUMBER of GLOBAL commit	0	TITLE GLOBAL COMMITMENT	Original RAC			Possible RAC to decommit	1st SEM 2008		2nd SEM 2008		New RAC after Decommit & Payment
				Original RAP	Forecasted payments 2008	RAP after forecasted payments		Forecasted De- commitments	Forecasted Decommit to Recommit	Forecasted De- commit. to not be re-use	Forecasted Decommit to Recommit	
2000	BACP PNG14	6	PROGRAMME ESTIMATE N. 4 SEXUAL HEALTH	0	0	0					0	
2000	BACP PNG14	7	SEXUAL HEALTH PROJECT: MID TERM REVIEW	0	0	0					0	
2000	BACP PNG14	8	PROGRAMME ESTIMATE NO.5 FROM 01/03/06 TO 31/12/06	0	0	0					0	
2000	BACP PNG17	0	RURAL COASTAL FISHERIES DEVELOPMENT PROJECT-PIS	933,061		933,061					2,102,609	
2000	BACP PNG17	1	SERV. CONTRACT 2002/01/EU/SC; AGRISYSTEMS: 3,120,380	444,057	250,000	194,057		194,057			0	
2000	BACP PNG17	2	PRELIMINARY WP (15/11/02- 31/03/03): 241,000 PGK	18,360	0	18,360		18,360			0	
2000	BACP PNG17	6	1ST ANNUAL WP (JULY - DEC 2003) 1,555,805 PGK	141,346	0	141,346		141,346			0	
2000	BACP PNG17	8	2ND ANNUAL WP (JAN - DEC 2004) 1,564,417 PGK	46,702	0	46,702		46,702			0	
2000	BACP PNG17	9	ANZ BANKING GROUP (PNG) LTD 2,000,000 PGK	321,347	0	321,347		321,347			0	
2000	BACP PNG17	11	PROGRAMME ESTIMATE NO.3, JAN-DEC 2005; PGK 1,625,319.00	134,111	0	134,111		134,111			0	
2000	BACP PNG17	16	SUPERVISION FOR THE CONSTRUCTION OF FISH MARKETS	17,483	17,483	0					0	
2000	BACP PNG17	18	PROGRAMME ESTIMATE NO.4 PERIOD 01/01/2006 TO 31/12/2006	313,625	0	313,625		313,625			0	
2000	BACP PNG17	19	AUDIT OF PE3	4,995	4,995	0					0	
2000	BACP PNG17	20	PE 5 PERIOD FROM 30/11/2007 TO 21/12/2008	0	0	0					0	
2002	BACP PNG1E	0	MINING SECTOR SUPPORT (MSS)	4,805,424		4,805,424					9,440,884	
2002	BACP PNG1E	2	RHEINBRAUN ENGINEERING (SRV/8-018/001/1C) 8,591,858.74 PGK	916,948	600,000	316,948					316,948	
2002	BACP PNG1E	5	PACIFIC ARCHITECTS CONSORTIUM PNG LTD - SERVICE CONTRACT -	51,213	30,000	21,213			21,213		0	
2002	BACP PNG1E	6	SERVICE CONTRACT FOR AIRBORNE GEOPHYSICAL SURVEY	10,293,884	6,000,000	4,293,884			3,500,000		793,884	
2002	BACP PNG1E	7	PROVISION OF A GEOLOGICAL AND MINERAL RESOURCE INFORMATION S	671,971	320,000	351,971					351,971	
2002	BACP PNG1E	8	TA FOR THE DESIGN AND SUPERVISION OF THE CONSTRUCTION OF 3	328,535	300,000	28,535					28,535	
2002	BACP PNG1E	9	PROGRAMME ESTIMATE NO.4 PERIOD 01/01/06 TO 28/02/07	131,006	0	131,006		131,006			0	
2002	BACP PNG1E	10	CONSTRUCTION OF THE MINING HAUS	577,077	0	577,077			500,000		77,077	
2002	BACP PNG1E	11	TA FOR THE GEOLOGICAL MAPPING AND MINERAL POTENTIAL	6,194,452	3,200,000	2,994,452					2,994,452	
2002	BACP PNG1E	12	START-UP PROGRAMME ESTIMATE FROM 01/05/2006 TO 31/07/2006	80,587	0	80,587		80,587			0	
2002	BACP PNG1E	13	PROGRAMME ESTIMATE NO.1 FROM 1/08/2006 TO 31/03/2007	290,884	0	290,884		290,884			0	
2002	BACP PNG1E	15	INDEPENDENT EVALUATION OF DEEP-SEA MINE TAILINGS PLACEMENT	1,202,887	980,000	222,887					222,887	
2002	BACP PNG1E	16	CONSTRUCTION OF SMALL SCALE MINING TRAINING CENTRE AT WAU MO	304,134	250,000	54,134					54,134	
2002	BACP PNG1E	17	PROGRAMME ESTIMATE NO.5 FROM 01/03/2007 TO 31/03/2008	187,277	100,000	87,277		87,277			0	
2002	BACP PNG1E	18	PROGRAMME ESTIMATE NO.2 FROM 1/05/07 TO 30/04/08	424,494	400,000	24,494		24,494			0	
2002	BACP PNG1E	19	TA FOR MARKETING AND INVESTMENT PROMOTION OF THE PNG	794,812	320,000	474,812					474,812	
2002	BACP PNG1E	20	PROVISION OF TA FOR SMALL SCALE MINING CURRICULUM	1,560,000	920,000	640,000					640,000	
2002	BACP PNG1E	21	SUPPLY OF IT EQUIPMENT FOR NEW MINING HAUS	354,351	354,351	0					0	
2002	BACP PNG1E	0	IMPROVEMENT OF RURAL PRIMARY EDUCATION FACILITIES "IRPEF"	25,800		25,800					1,164,377	
2002	BACP PNG1E	1	GEOMAR INTERNATIONAL 2,435,448 PGK	257,164	257,000	164			164		0	
2002	BACP PNG1E	2	START UP WP/CE (15/04/2004 - 31/07/2004) 373,505 PGK	2,508	0	2,508		2,508			0	
2002	BACP PNG1E	3	WP/CE AUG/04-DEC/04; IMP/8- 019/02	128,480	0	128,480		128,480			0	
2002	BACP PNG1E	4	IMPROVEMENT OF RURAL PRIMARY EDUCATION FACILITIES/PROGRAMME	57,204	0	57,204		57,204			0	
2002	BACP PNG1E	5	PROGRAMME ESTIMATE NO.4 OPERATIONAL PERIOD FROM	1,447,279	500,000	947,279		947,279			0	
2002	BACP PNG1E	6	MID TERM REVIEW - EVALUATION, AUDIT	3,106	0	3,106		3,106			0	
2004	BACP PNG1	0	TECHNICAL COOPERATION FACILITY (TCP)	43,979		43,979					43,979	
2004	BACP PNG1	1	PROGRAMME ESTIMATE, JAN TO JUNE 2005; PGK 257,403.00	82,642	0	82,642	82,642				0	
2004	BACP PNG1	2	TA TO THE TRADE DIVISION OF THE DEPARTMENT OF TRADE AND	0	0	0					0	
2004	BACP PNG1	6	FRAMEWORK CONTRACT AMS/451-LOT NO.6 LETTER OF CONTRACT NO.	8,668	0	8,668	8,668				0	
2004	BACP PNG1	7	FORMULATION OF A TRADE- RELATED ASSISTANCE PROJECT IN PNG	199	0	199	199				0	
2004	BACP PNG1	8	FORMULATION OF NSA SUPPORT PROGRAMME IN PNG	20,512	0	20,512	20,512				0	

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0	TITLE GLOBAL COMMITMENT	Possible RAC to decommit.			1st SEM 2008		2nd SEM 2008		New RAC after Decommit & Payment	
				Original RAP	Forecasted payments 2008	RAP after forecasted payments	Forecasted De- commitments		Forecasted De- commitments			New RAP after Decommit & Payment
							Forecasted De- commit. to not be re-use	Forecasted Decommit to Recommit	Forecasted De- commit. to not be re-use	Forecasted Decommit to Recommit		
2004	9ACP PNG1	9	DISTRICT TOWNS WATER SUPPLY PROGRAMME: FEASIBILITY STUDY	22,987	0	22,987	22,987			0		
2004	9ACP PNG1	10	START-UP FACILITATION FOR PNG NSA SUPPORT PROGRAMME	37,272	0	37,272	37,272			0		
2004	9ACP PNG1	11	NATIONAL ELECTIONS 2007 MEDIA CENTRE	33,000	33,000	0				0		
2004	9ACP PNG1	12	TECHNICAL COOPERATION FACILITY - PREPARATION OF PE2	812,300	500,000	312,300			312,300	0		
2004	9ACP PNG1	13	START-UP FACILITATION MISSIONS FOR DTWS PROGRAMME	16,000	16,000	0				0		
2004	9ACP PNG2	0	EUROPEAN UNION SUPPORT PROGRAMME TO THE NAO	691,531		691,531				691,531		
2004	9ACP PNG2	1	EU SUPPORT PROGRAMME TO THE NAO (PHASE III)	1,920,537	1,385,000	535,537				535,537		
2004	9ACP PNG2	2	START-UP PROGRAMME ESTIMATE	37,281	0	37,281	37,281			0		
2004	9ACP PNG2	3	PE NO.1 - OPERATIONAL PERIOD 01/01/06 - 31/12/06	94,081	0	94,081	94,081			0		
2004	9ACP PNG2	4	PROGRAMME ESTIMATE NO.2 FROM 01/03/07 TO 29/02/2008	231,209	40,000	191,209	151,209			40,000		
2004	9ACP PNG2	5	FORENSIC AUDIT OF IRPEF	112,469	112,469	0				0		
2004	9ACP PNG2	6	NOTE OF NAO - 18.12.07 (NOM/SOP/995)	260,000	117,000	143,000				143,000		
2005	9ACP PNG3	0	GAZELLE RESTORATION AUTHORITY II MEDIUM TERM RESTORATION PRG	45,902		45,902				223,269		
2005	9ACP PNG3	2	PE NO.2 PERIOD FROM 12/08/2006 TO 11/08/2007	177,367	0	177,367		177,367		0		
2005	9ACP PNG3	3	AUDIT OF THE PROGRAMME ESTIMATE NO.1	2,470	2,470	0				0		
2005	9ACP PNG3	4	PE NO.3 FROM 23.11.2007 TO 23.11.2007	1,453,000	1,453,000	0				0		
2005	9ACP PNG4	0	RURAL WATER SUPPLY AND SANITATION PROGRAMME (PHASE I)	1,305,067		1,305,067				1,440,954		
2005	9ACP PNG4	2	PROVISION OF TA IN PNG FOR THE RURAL WATER SUPPLY AND	903,225	903,225	0				0		
2005	9ACP PNG4	5	PE NO.1 FROM 10/08/2006 TO 31/07/2007	131,331	0	131,331		131,331		0		
2005	9ACP PNG4	6	RWSSP - ADRA PROPOSAL	133,369	133,369	0				0		
2005	9ACP PNG4	9	MID TERM REVIEW	4,556	0	4,556		4,556		0		
2005	9ACP PNG4	10	PROGRAMME ESTIMATE GRANT FUND 2007 FROM 9/03/07 TO 31/12/07	1,537,600	1,537,600	0				0		
2005	9ACP PNG4	11	SAFEGUARDING AND PROVIDING SAFE DRINKING WATER AND	77,577	77,577	0				0		
2005	9ACP PNG4	12	WOSERA GAWI AND ANGORAM RURAL WATER	126,046	126,046	0				0		
2005	9ACP PNG4	13	HIGHLANDS RURAL WATER SUPPLY AND SANITATION PROGRAMME	176,000	176,000	0				0		
2005	9ACP PNG4	14	WATER SANITATION & HEALTH EDUCATION SUPPORT TO THE OXFAM	0	0	0				0		
2005	9ACP PNG4	15	COMMUNITY BASED WATER & SANITATION PROJECT IN KAK	0	0	0				0		
2005	9ACP PNG4	16	MADANG NORTH COAST WATER AND SANITATION DEVELOPMENT PROJECT	0	0	0				0		
2005	9ACP PNG4	17	DEA & SAKARINA RURAL WATER SUPPLY AND SANITATION PROJECT	244,000	244,000	0				0		
2005	9ACP PNG4	18	UNITED CHURCH PAPUAN REGIONS WATER & SANITATION PROJECT	137,000	137,000	0				0		
2005	9ACP PNG4	19	PROGRAMME ESTIMATE NO.2 FROM 1/11/07 TO 31/8/08	320,718	320,718	0				0		
2005	9ACP PNG4	20	NOTE OF NAO - 06.12.2007	201,987	201,987	0				0		
2005	9ACP PNG6	0	EDUCATION, TRAINING AND HUMAN RESOURCES DEVELOPMENT PROGRAMM	32,298,620		32,298,620				32,298,620		
2005	9ACP PNG6	1	TA FOR THE MANAGEMENT AND IMPLEMENTATION OF THE EDUCATION,	5,279,631	2,143,000	3,136,631				3,136,631		
2006	9ACP PNG7	0	IMPROVEMENT OF RURAL PRIMARY EDUCATION FACILITIES (IRPEF). I	1,000,000		1,000,000				1,000,000		
2007	9ACP PNG8	0	FINANCING AGREEMENT - SUPPORT TO NON STATE ACTORS	5,000,000		5,000,000				5,000,000		
2007	9ACP PNG9	0	TRADE RELATED ASSISTANCE TO PNG	560,000		560,000				560,000		
2007	9ACP PNG10	0	TRADE RELATED ASSISTANCE TO PNG	2,440,000		2,440,000				2,440,000		
2007	9ACP PNG12	0	STRENGTHENING OF DISTRICTS AND LOCAL LEVEL GOVERNMENTS IN PA	15,000,000		15,000,000				15,000,000		
2007	9ACP PNG13	0	DISASTER RISK REDUCTION IN EIGHT PACIFIC STATES	3,300,000		3,300,000				3,300,000		
2007	9ACP PNG14	0	DISTRICT TOWNS WATER SUPPLY	4,883,500		4,883,500				4,883,500		
2007	9ACP PNG15	0	RURAL WATER SUPPLY AND SANITATION PROGRAMME PHASE II	17,000,000		17,000,000				17,000,000		



PAPUA NEW GUINEA

EDF FORECASTS: 2008-2009: NEW INDIVIDUAL Commitments (including payments) on ONGOING PROJECTS.

(amounts in €)

EUROPEAID
CO-OPERATION OFFICE

Online Help click on
Aide en ligne, cliquez

YEAR S/C/S COMMIT	ACCOUNTING NUMBER	TITLE INDIVIDUAL COMMITMENT	FORECASTS 1st SEM. 2008			FORECASTS 2nd SEM. 2008			FORECASTS 1st SEM. 2009			FORECASTS 2nd SEM. 2009		
			INDIVID. COMMIT	PAYMENTS	ESTIMATION OF RISK FACTOR FOR PAYMENTS	INDIVID. COMMIT	PAYMENTS	ESTIMATION OF RISK FACTOR FOR PAYMENTS	INDIVID. COMMIT	PAYMENTS	ESTIMATION OF RISK FACTOR FOR PAYMENTS	INDIVID. COMMIT	PAYMENTS	ESTIMATION OF RISK FACTOR FOR PAYMENTS
			Low	Medium M	High H	Low L	Medium M	High H	Low L	Medium M	High H	Low L	Medium M	High H
2007	9ACP PNG12	Large grant 4												
2007	9ACP PNG12	Large grant 4										250,000	100,000	50,000
2007	9ACP PNG12	Large grant 4										250,000	100,000	50,000
2007	9ACP PNG13	Multi Country Disaster Reduction	3,800,000				1,000,000	1,000,000				1,300,000	1,300,000	1,300,000
2007	9ACP PNG14	DTWS - Start-up PE	60,000	60,000	60,000									
2008	9ACP PNG14	DTWS - TA	600,000	120,000										
2007	9ACP PNG14	DTWS - PE 1				100,000	40,000	40,000						
2007	9ACP PNG14	DTWS - Works Contracts							2,500,000	750,000	60,000	2,000,000	1,500,000	1,500,000
2007	9ACP PNG16	RWSS Phase II - TA Service Contract				2,300,000	230,000	230,000				200,000	250,000	
2007	9ACP PNG16	RWSS Phase II - PE 1				350,000	120,000	120,000				230,000		
2007	9ACP PNG16	RWSS Phase II - Grant Contracts							2,600,000	800,000	400,000	400,000		
2008	9ACP PNG16	RWSS Phase II - Grant Contracts 2										2,000,000	200,000	200,000
2007	9ACP PNG16	RWSS Phase II - PE 2										350,000	120,000	120,000
2008	10ACP PNG177	ICB - Start-up support RED				600,000	300,000					200,000		
2008	10ACP PNG177	ICB - Start-up support Edge						100,000	200,000			300,000	300,000	100,000
2008	10ACP PNG177	ICB - TA NAO Support										1,600,000	350,000	350,000
2008	10ACP PNG177	ICB - Start-up PE										70,000	30,000	30,000
2009	10ACP PNG277	RED - TA RED							3,000,000	600,000	600,000	500,000	460,000	400,000
2009	10ACP PNG277	RED - Start-up PE							1,000,000	1,000,000		500,000	500,000	
2009	10ACP PNG277	RED - PE1										200,000	60,000	60,000
2009	10ACP PNG277	RED - District RED projects										7,500,000	5,000,000	2,600,000

EDF FORECASTS 2008-2009 : NEW GLOBAL Commitments (including individual commitments & Payments)

(amounts in €)

ESTIMATED DECISION DATE	PROJECT TITLE - ACTION FICHE	CATEGORY	AMOUNT	RISK L, M, H	FORECASTS 1st SEM 2008						FORECASTS 2nd SEM 2008						FORECASTS 1st SEM 2009						FORECASTS 2nd SEM 2009					
					INDIVID. COMMIT.		ESTIMATION of RISK FACTOR FOR PAYMENTS				INDIVID. COMMIT.		ESTIMATION of RISK FACTOR FOR PAYMENTS				INDIVID. COMMIT.		ESTIMATION of RISK FACTOR FOR PAYMENTS				INDIVID. COMMIT.		ESTIMATION of RISK FACTOR FOR PAYMENTS			
					PAYMENTS	Low L	Medium M	High H	PAYMENTS	Low L	Medium M	High H	PAYMENTS	Low L	Medium M	High H	PAYMENTS	Low L	Medium M	High H	PAYMENTS	Low L	Medium M	High H				
TOTALS on NEW GLOBAL Commitments.			33,500,000		0	0	0	0	0	500,000	300,000	0	100,000	200,000	4,000,000	1,800,000	0	1,200,000	500,000	9,870,000	6,150,000	0	3,450,000	2,700,000				
10 2008	Institutional Capacity Building	PROJECT	9,500,000	L						500,000	300,000			100,000	200,000				200,000		100,000	100,000	2,170,000	690,000	490,000	200,000		
sem2009	Rural Economic Development	PROJECT	30,000,000	M															4,000,000	1,600,000		1,100,000	500,000	7,700,000	5,460,000	2,960,000	2,500,000	



PAPUA NEW

SUMMARY of EDF FORECASTS 2008 - 2009

	FORECASTS 2008										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50% M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50% M	TARGET ANNEE
New Global Commitments	0	0	0	0	0	3,500,000	3,500,000	0	0	3,500,000	3,500,000
New Individual Commitments	28,827,150	19,298,506	5,721,596	3,807,048	22,159,304	8,745,000	1,566,131	6,596,396	582,472	4,864,329	27,023,633
Payments	19,914,487	13,331,871	3,952,616	2,630,000	15,308,179	28,082,918	5,029,335	21,183,083	1,870,500	15,620,877	30,929,056
Decommitments	724,324					677,534					1,401,858
Decommitments to recommit	3,235,627					4,021,213					7,256,840
Reduction of Old RAL	11,057,934	7,925,934	1,782,000	1,350,000	8,816,934	7,212,717	3,330,234	3,752,483	130,000	5,206,476	14,023,410

	FORECASTS 2009										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50% M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50% M	TARGET ANNEE
New Global Commitments	30,000,000	0	30,000,000	0	15,000,000	0	0	0	0	0	15,000,000
New Individual Commitments	15,315,000	3,196,943	8,321,881	3,796,176	7,357,884	29,750,000	5,304,384	15,346,357	9,099,259	12,977,563	20,335,446
Payments	13,146,851	2,744,351	7,143,750	3,258,750	6,316,226	22,911,000	4,085,000	11,818,500	7,007,500	9,994,250	16,310,476

RAL	SITUATION on 01/01/2008		SITUATION on 31/12/2008	
	ALL PROJECTS	PROJETS decided before YEAR 2008	ALL PROJECTS	PROJETS decided before YEAR 2008
Σ Ongoing GLOBAL COMMITMENTS	219,572,477	112,298,977	222,915,833	112,142,333
RAC	89,544,792	5,976,194	73,121,354	5,313,485
RAP	43,507,025	28,911,992	31,099,550	14,051,231
RAL	133,051,818	34,888,186	104,220,904	20,864,776
% RAL / Σ GLOBAL COMMIT.	61%	31%	47%	19%
Nbr of years to absorb RAL	4		3	

	Amount	Nbr
Ceiling increase riders	0	0
Extension Date		0
Réaménagement budgétaire		0
Modification DTA		0
Total number of projects		0

ANNEX C)

Questions on the EU Aid Effectiveness targets

Questions on the EU Aid Effectiveness targets

Note: FR version to follow

The Commission has to report its performance annually against the four EU targets on aid effectiveness. The data for this will be collected through the EAMR reporting system. You are therefore requested to complete the questions below with specific information as noted so that the current limited baseline we have can be updated and subsequently tracked annually. The information will also be important for you to exchange with your government colleagues, NGOs and with other donors, including MS.

Given the similarities between the Paris and the EU Targets, against the questions below reference is given to corresponding questions in the OECD survey. For specific definitions of terms please refer to the OECD/DAC "Definitions and Guidance", Section 5 of the 2006 Survey on Monitoring the Paris Declaration on Aid Effectiveness (link given below). Please follow the OECD definitions closely to ensure standardised reporting. For further clarification where necessary, footnotes have also been included. <http://www.oecd.org/dataoecd/13/29/36306366.doc>

EU Target 1: Channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or SWAP arrangements.		
OECD ref: Q ^d 2	(i) How much ODA did you disburse at country-level for the government sector in FY 2007 (EUR)? ¹	EUR 18,265,994
Q ^d 5	(ii) How much ODA disbursed for the government sector in FY 2007 used national budget execution procedures (EUR)?	Nil
Q ^d 6	(iii) How much ODA disbursed for the government sector in FY 2007 used national financial reporting procedures (EUR)?	Nil
Q ^d 7	(iv) How much ODA disbursed for the government sector in FY 2007 used national auditing procedures (EUR)?	Nil
Q ^d 9	(v) How much ODA disbursed for the government sector in FY 2007 used national procurement procedures (EUR)?	Nil
Definition of the indicator: $[(Qd5+Qd6+Qd7+Qd9)/4] / Qd2$		0%
Are there any significant initiatives to promote the use of country systems in your country? If so, please provide a short description. If not, highlight key constraints (use additional page if needed)		
Both the PNG government and the development partners agreed, with the Kavieng Declaration on Aid Effectiveness (a joint commitment localising the Paris Declaration, signed on 15.2.2008), to establish frameworks providing reliable assessments of the trustworthiness and usability of country systems and procedures, starting with public procurement and pub-		

¹ In practise this will cover all disbursements to the government sector for which the Delegation is the sub-delegated authorising officer.

lic financial management. There are currently three mechanisms making use of diagnostic reviews (both the government and donors are part of them): a working group tasked with upgrading the national public procurement system in place, leading to periodical Country Procurement Assessment Reports; a group conducting the Public Expenditure and Financial Accountability assessment; and the Performance Management Framework for the Mid-Term Development Strategy. All these mechanisms aim at bringing the country systems in line with internationally agreed standards.

EU target 2: Provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements²

OECD ref: Q ^d 3	How much technical cooperation did you provide in FY 2007 (Total TC in EUR)?	EUR 6,357,925
Q ^d 4	How much technical cooperation did you provide through co-ordinated programmes in support of capacity development in FY 2007 (EUR)? (Please use definitions given in OECD guidance)	Nil
Definition of the indicator: Q ^d 4 / Q ^d 3		0 %

Are there any significant initiatives to promote the use of coordinated programmes for technical cooperation in your country? If so, please provide a short description. If not, highlight key constraints.

Within the definition of uncoordinated programmes as TC not provided in the context of a SWAp, no EC funded TC is provided through coordinated programmes in PNG.

No immediately evident possibility of SWAp in the Rural Development Sector for the 10th EDF. However, a coordinated programme for rural economic development with the World Bank is being studied.

The Kavieng Declaration (see above) contains in one of its Annexes (Annex IV) a Protocol for mobilising and managing Technical Assistance, where the government and the donors have agreed to put in place some shared principles and operating guidelines to ensure the more effective use of Technical Assistance.

Shared principles: the government has agreed to exercise leadership over TA, the donors to align it to PNG development priorities and to use common arrangements and programme-based approaches. TA must be demand-driven, selected with the involvement of the authorities, aimed at building capacity of key agency staff, integrated into a broader programme and be cost-effective.

Operating guidelines: government and donors will carry out joint assessment of requirements and joint identification of capacity building needs and expertise; ToR must be clearly articulated; mutual assessment of TA in the country; PNG counterpart to the TA always provided.

² Despite the different wording the target is interpreted to correspond to Paris Declaration indicator 4. Please pay particular attention to the definition for the question Q^d4.

EU target 3: Avoid establishment of new project implementation units (PIUs).		
OECD ref: Q ^d 10	How many parallel project implementation units were funded by EC in FY 2007?	0
	How many integrated project implementation units were funded by EC in FY 2007?	6
	How many <u>new</u> parallel project implementation units were started with EC support in FY 2007?	0
	How many <u>new</u> integrated project implementation units were started with EC support in FY 2007?	0
Definition of the indicator: Were new parallel PIUs started with the support of the EC?		No
Are there any significant initiatives to decrease the number of parallel PIUs in your country? If so, please provide a short description. If not, highlight key constraints.		
<p>The situation in PNG has not changed. The key constraint for a full abolishment of parallel PIUs is insufficient government capacity for project implementation and lack of managerial attention to EC funded programmes.</p> <p>In discussions and agreement with the NAO, a number of DNAOs will be appointed in line departments in order to promote more direct managerial involvement from key supervising authorities.</p> <p>Out of the six EDF funded projects operating in PNG, three make use of PIUs which correspond almost fully to the definition of "integrated PIU" provided by OECD (doc. 5 of the dossier 'Monitoring the Paris Declaration on Aid Effectiveness'), while they are accountable to both the EC and the country implementing agencies and the salary structure exceeds that of civil service personnel (NAO-SU, Sysmin, ETHRDP). In the three other cases of integrated PIUs (RWSSP, RCFDP and IRPEF) it is again the country implementing agencies which sets the terms of reference and appoints external staff but the PIU is created outside existing country institutional structures.</p> <p>With the Kavieng Declaration (see above), the government and donors have agreed that, unless it has been mutually decided as necessary, donors will avoid creating new parallel structures.</p>		

EU target 4: Reduce the number of uncoordinated missions by 50%.		
OECD ref: Q ^d 15	How many missions to the field were undertaken in FY 2007? ³	18
Q ^d 16	How many of these were coordinated?	0
Please provide a breakdown of missions the Commission and its services have undertaken to your country in FY 2007 in the table below:		
Missions by:	Coordinated	Uncoordinated
Members of Commission		
AIDCO	1	
DEV		
RELEX		
TRADE	2	
ECHO		
FISH		
OTHER DGs	2	
ROM missions	2	
Other consultants contracted by EC	4	
Total		
Definition of the indicator: (Q ^d 15 - Q ^d 16). This will become the baseline for subsequent reduction by 50%		18
Are there any significant initiatives to decrease the number of uncoordinated missions in your country? If so, please provide a short description. If not, highlight key constraints.		
<p>Uncoordinated missions do not appear to be the most pressing problem in PNG and little attention has been paid to reduce their number. With the foreseen work on SWAp in the education sector, greater use of coordinated missions could be foreseen.</p> <p>Annex III of the Kavieng Declaration (see above) contains a Protocol for mounting development partner missions to PNG, putting in place share principles and operating guidelines to ensure the more effective conduct of incoming missions.</p> <p>Shared principles: timing and objectives will be communicated to the government reasonably in advance, allowing the latter to support the mission appropriately; donors will reduce the number of separate, duplicative missions.</p> <p>Operating guidelines: ToR clearly articulated and in line with government priorities, composition of mission appropriate for the aims, monthly update of the Matrix of Missions; etc.</p>		

³ This question applies to the missions from the HQ

Other aid effectiveness related information (Optional)

Road map

- (i) Have the EU missions in your beneficiary country implemented the Council request to prepare an EU road map guiding the implementation of Paris Declaration? If not, briefly explain what the causes of non-implementation of such request are.

France and the UK are the only MS present in PNG and both have quite an insignificant co-operation with the country in terms of bilateral disbursement of development aid. They do not participate in the donor coordination mechanism, but are regularly informed by the EC Delegation. There are no cases of delegated co-operation.

- (ii) Who is in the charge of this work and are other stakeholders participating?

The GoPNG –Development partner Co-ordination is the body tasked with the responsibility of localising the Paris declaration and implementing it. The body is co-chaired by the Ministry of Planning and Monitoring and AusAid, and groups all donors in the country.

- (iii) How is the road map being followed? What is the extent of the Government involvement on the Road Map, and more generally in the implementation of the Paris Declaration objectives?

The above body meets regularly and adopts strategic documents at 'annual summits'. In 2005, in Goroka, the first summit did not produce major results, while the second one in Madang in 2006 had shown a real will from the side of the GoPNG to progress on the implementation of the Paris Declaration. The summit in Kavieng, which was supposed to take place end 2007 and took instead place in February 2008, has been successful in demonstrating that the partnership between donors and the GoPNG has reached maturity, but failed in showing a commitment at political (ministerial) level. The Kavieng Declaration (attached document) constitutes an excellent road-map in localising the Paris Declaration, and identifying monitorable targets based on specific indicators – based on those of the Paris Declaration.

Blue Book

- (i) Is there a 'Blue Book' tracking the donor activities at the national level?

Yes

- (ii) Who is in charge of this work and is it actively updated?

The GoPNG – Development partner Co-ordination body.

Web site

- (i) Is there a country website on donor coordination, harmonization or on aid effectiveness issues?

No

- (ii) Who is managing the website and is it actively updated?

n.a.

(iii) Please provide the URL of this site.

n.a.

Papua New Guinea

Donor Activity Matrix

Donor Coordination

While respecting the particular objectives and conditionalities from each donor,, the Government of Papua New Guinea (PNG) has succeeded in 2007 to steer the individual donor interventions towards its own Medium Term Development Strategy (MTDS).

The tables below show clearly the major intervention sectors for each donor for supporting achievement of the 7 main MTDS goals. Australia remains the main donor in the health sector, but in 2007 the PNG government increased significantly its support to HIV/AIDS prevention. Education still remains dependent on foreign donors for its investment budget. However, as a result of the windfall revenue from increased commodity prices, the government has allocated K200 million for investment in priority education infrastructures. It should also be noted that the whole recurrent budget is fully funded by the government, which is also substantial. During the first year of the budget, under the 9th EDF, the EU's contribution to the development budget became equal to the Australian one. Each of them funded 40% whilst the governmental intervention was 10%. Transport rehabilitation and maintenance is mainly funded by the Government through own funding and loans. The Australian Aid intervenes for 34% of the budget. In 2007, the Australian Aid budgeted a very important support in law order and good governance which became their main interventions in the Development Budget.

It has to be noted that in supporting income earning opportunities, the EU is the major donor. Up to now, the main origins of that funding are the 8th EDF- projects under implementation. In the 9th EDF, support to income generation was not included and the budget in this regard will decrease significantly. In the same range of ideas, the support to Development oriented adult education is very poorly funded. Nevertheless, these two interventions are the two major areas which could have a quick economic responds with related income generation, absolute condition for the enhancement of the livelihood of the rural population. To overturn this situation, the Government decided during the year 2007 for significant increases in support to Districts initiatives. In parallel, the negotiations for definition of the 10th EDF-NIP concluded in orientation of the main focal sector towards support to the rural economic development at district level supported through vocational and adult training of education, the second focal sector. To facilitate this reorientation the 9th EDF non focal sectors of support to good governance and to Non State Actors were reoriented towards support at District level to facilitate the implementation of the 10th EDF funding.

Table 1: Budget 2007 in relation with MTDS Goals in million Kina

Primary and Preventive Health	34,8	9,2	70,7	40,2	0,2	20,8	0,0	0,0	0,0	176
HIV/AIDS Prevention	17,0		68,4	0,0	0,0	3,9	0,0	11,9	0,0	301
Basic Education	10,5		76,9	77,4	1,8	5,2	1,8	0,0	0,0	174
Development Oriented Adult Education	3,3	0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	4
Transport Rehabilitation and Maintenance	221,7	116,4	190,4	7,5	22,9	0,0	0,0	0,0	0,0	559
Income Earning Opportunities	38,4	17,0	47,3	78,1	3,0	9,5	0,0	0,0	3,6	197
Law and Justice	31,0		103,4	0,0	0,5	2,4	0,0	0,0	0,0	137
Other (1)	243,7	20,0	233,8	9,7	3,3	5,8	0,0	0,0	21,3	538
Total	600	163	791	213	32	48	2	12	25	1885

(1) Concerns not necessarily MDTs related funding such as General Government Admin reform and events, Aid administration and not directly MDTs related projects

(2) EU contribution is calculated on the basis of the forecasts of commitments foreseen for 2007 in 2006. The amount under 'primary and preventive health' includes the project 'rural water and sanitation support', while the amount under 'income generating opportunities' includes the mining project and the stabex fundings.

Table 2: Budget 2007 in relation with MTDS Goals in %

2007 Development Budget	GoPNG		Grants							Total
	Direct	Loans	AusAID	EU	JICA	NZAID	WB	ADB	Other	
Primary and Preventive Health	20%	5%	40%	23%	0%	12%	0%	0%	0%	9%
HIV/AIDS Prevention	17%	0%	68%	0%	0%	4%	0%	12%	0%	5%
Basic Education	6%	0%	44%	45%	1%	3%	1%	0%	0%	9%
Development Oriented Adult Education	89%	11%	0%	0%	0%	0%	0%	0%	0%	0%
Transport Rehabilitation and Maintenance	40%	21%	34%	1%	4%	0%	0%	0%	0%	30%
Income Earning Opportunities	20%	9%	24%	40%	2%	5%	0%	0%	2%	10%
Law and Justice	23%	0%	75%	0%	0%	2%	0%	0%	0%	7%
Other (1)	45%	4%	43%	2%	1%	1%	0%	0%	4%	29%
Total	32%	9%	42%	11%	2%	3%	0%	1%	1%	100%

(1) Concerns not necessarily MDTs related funding such as General Government Admin reform and events, Aid administration and not directly MDTs related projects

Table 3: Evolution of the Development Budget between 2006 and 2007

Development budget	2 006			2 007			variation 200/2006		
	Total	Gov	grants	Total	Gov	grants	Total	Gov	grants
Primary and Preventive Health	147	45	102	176	44	141	19%	-3%	38%
HIV/AIDS Prevention	44	14	29	101	17	84	133%	19%	188%
Basic Education	117	14	103	174	11	163	48%	-27%	58%
Development Oriented Adult Education	14	7	6	4	4	0	-72%	-48%	-93%
Transport Rehabilitation and Maintenance	502	344	158	559	338	337	11%	-2%	113%
Income Earning Opportunities	140	60	80	197	55	158	40%	-8%	97%
Law and Justice	92	13	79	137	31	106	49%	138%	34%
Other (1)	630	213	418	538	264	294	-15%	24%	-30%
Total	1687	711	976	1885	763	1285	12%	7%	32%

(1) Concerns not necessarily MDTs related funding such as General Government Admin reform and events, Aid administration and not directly MDTs related projects

Donor Support

By funding 42% of the development budget - approximately the same amount as the one allocated by the Government - the **Australian Aid** is by large the main external donor supporting the MTDS. The Australian Development Cooperation Strategy is based on a genuine partnership between PNG and Australia, driven by PNG ownership and leadership with a strong emphasis on sustainability and capacity building. The objective of the Australian Aid is to reduce poverty and promote sustainable development through support for the PNG Government's efforts to implement its MTDS and Medium Term Fiscal Strategy (MTFS), with a specific focus on four core areas: i) improved governance and nation building, ii) sustainable broad-based economic growth and increased productivity iii) Improved service delivery and stability iv) strengthened, coordinated and effective response to the HIV/AIDS epidemic.

The **Asian Development Bank (ADB)** assists Papua New Guinea in achieving its MTDS goals through loans and technical assistance focusing on i) strengthening governance through support in fiscal and financial management and public service reform, ii) supporting private sector development, through improvement of sector policy and institutional frameworks, mainly in the agriculture and fishery sectors, enhancement of productivity factors (skills development and microfinance services), and improvement of market access (selected transport infrastructure investments, especially in rural areas and iii) improving social conditions through support in health policy development and in water and sanitation infrastructure investments. Through its Asian Development Fund (ADF) grant facility, ADB helps addressing the growing HIV/AIDS pandemic in PNG.

Japan finances several programmes in selected fields such as bridge building for roads constructed with the assistance of other donors, long distance learning through radio and TV broadcasting, and specific rice development and water and sanitation projects. Through loans, Japan supports the Structural Adjustment Programme, the Trans Island Highway and a Rural Bank credit facility.

Major loans having been suspended for governance reasons, hence the **World Bank** has a limited portfolio in PNG. Smaller loans are still operational for road maintenance and rehabilitation, funding of a post volcano eruption rehabilitation and institutional strengthening of the Mining sector. Recent negotiations let presage resuming of WB support which would mainly be oriented in i) infrastructure (roads, maritime, air) ii) private sector development iii) integrated community based development iv) sustainable natural resource management; and good governance through capacity building of key government agencies.

The **People's Republic of China** has increased its cooperation with Papua New Guinea, which is mainly directed to agriculture and infrastructure projects.

New Zealand supports the Governmental strategy with primary focus on primary health care, basic education and good governance.

The different agencies of the **United Nations** mainly support the Government in achieving its medium term goals through institutional capacity building, planning and management by supporting ad-hoc departments and institutions. Moreover, UNDP supports a large HIV/Aids programme.