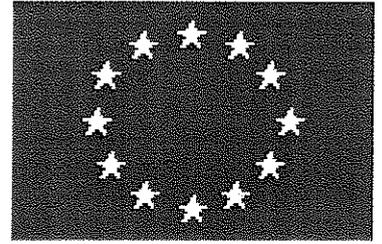


INDEPENDENT STATE OF
PAPUA NEW GUINEA



EUROPEAN UNION

JOINT ANNUAL REPORT
2008

COOPERATION
BETWEEN
THE INDEPENDENT STATE OF
PAPUA NEW GUINEA
AND
THE EUROPEAN UNION

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1. EXECUTIVE SUMMARY

1. The current Government is in its second term in Parliament as a result of the new Organic Law on Political Parties and Candidates. While the 52 national election petitions filed following the 2007 general elections continued to be heard throughout 2008, the election process itself was highly commended by observers from both within and outside the country. The Local-Level Government Elections, which was supposed to have been held immediately after the general election in 2007, was held from April to June 2008.
2. In 2008, the Government continued to give development priority mainly (1) to the delivery of services at sub-national level – which remain the key challenge of the country –, also through civil society organizations (community based organizations, NGOs, Churches, etc.), and (2) to the strengthening of the decentralization process.
3. The Government introduced amendments to the Organic Law on Provincial & Local level Governments to make it more effective and allocated significant funds to provinces and districts through the District Services Improvement Program. Given the perceived capacity challenges encountered by the sub-national authorities, there has been increased number of intervention programs designed and implemented to address or redress these challenges to ensure that basic services are delivered to the rural masses.
4. It also progressed on the definition of a Long Term Development Strategy aligning with the MDGs, and signed the "PNG's Commitment on Aid Effectiveness" with the development partners. The core of these strategies lies on the improvement of life of the rural population.
5. Regarding Human Rights conventions Papua New Guinea has become party of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights on 21st July 2008. However, there was no progress in ratification of the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.
6. Among other activities pursued by the Government, it is worth mentioning the introduction of a bill for three women to be nominated to Parliament, the creation of two new provinces, the slow progress on public finance management reforms and fiscal strategies, the creation of a public-private partnership and market friendly policies, the partnership with the non-state-actors, the ratification of the International Covenant on Civil and Political Rights, and of the International Covenant on Economic, Social and Cultural Rights.
7. The fight against corruption and the law and order situation continue to pose significant challenges to the development of the country. Although PNG has the appropriate legal framework to curb corruption, insufficient funding, staff capacity, and bribery continue to be the major challenge for key legal institutions. Population increases in the urban areas through natural births of urban dwellers as well as rural-urban drift create pressure on the available public utilities consequently resulting in breakdown in law and order. The Government has acknowledged these challenges and is taking measures to mitigate the negative impacts through various development intervention programs.
8. PNG's economy performed strongly from 2002 to 2008 on the back of high commodity prices in the world market as well as high demand for these products. Real economic growth is estimated at about 7.0% in 2008 - the highest growth outcome for over a decade. The government has reduced budget deficits and generally kept control over public expenditures. This strong performance was achieved despite lower crude oil production attributable to the natural depletion of existing oil fields. Government and household expenditure continued to rise as high commodity prices boosted incomes, while control of the overall fiscal position and political and policy stability has improved business confidence and helped sustained private investment. Economic growth has been fairly broad-based, with strong contributions from a deregulated mobile communication sector, an expanding construction sector, and also new mining developments. However, it is important to note that this growth has been limited to the formal sector of the economy (employing only about 14% of the active population) and had an impact exclusively on the urban areas of the country, where only 20% of the total population lives. The situation may regress in 2009 when the effects of the global financial crisis will start having tangible consequences, although the Central Bank and other observers claim that the negative impacts of the global financial crisis to PNG economy will not be as significant as experienced by other countries given its significant level of surplus funds in the Trust Accounts and its limited exposure to international financial instruments or products.
9. The Office of Climate Change & Carbon Trade (OCC&CT) was established in 2008 under the Department of the Prime Minister and National Executive Council which meets international officials on climate change and carbon trade. Its institutional structure was approved by the Government and went into staffing recruitment drive.

10. In 2008, four critical steps were envisaged as building blocks for strengthening the alignment of existing and future development strategies to the Millennium Development Goals (MDGs) as well as for achieving MDGs by 2015: (1) document a statistical baseline report to serve as the official benchmark for tracking progress; (2) establish a socio-economic forecasting/costing of the reprioritized national MDG targets and indicators; (3) design MDG targeted socio-economic interventions; (4) strengthened the development strategy and budgetary responses towards the achievement of the MDGs.
11. A localized version of the Paris Declaration on Aid Effectiveness was signed in July 2008 between the Development Partners including the EU and the Government of Papua New Guinea, the "PNG Commitment on Aid Effectiveness". In order to effectively implement the commitments taken, the National Executive Council endorsed the Action Plan 2008-2012 submitted by the Department of National Planning and Monitoring to direct the agencies concerned to start implementation.
12. ~~The implementation of EC-funded projects and programs continued to suffer from significant backlogs of the past. Progress on the closing of open commitments was made, although significant difficulties were encountered because of no accounting or incomplete accounting at the end of each project.~~
13. The main obstacles in the implementation of the projects continue to be (1) the lack of knowledge and management of EC contractual and financial procedures both by the line agencies and by the international Technical Assistance, and (2) the extreme difficulty to find suitable international Technical Assistances willing to come to PNG. The NAO Support Unit (NAOSU) continued to play its supportive role in both respects although the devolution of the EDF management functions and responsibilities from the European Commission to the Government, particularly on finance and contract matters, in the spirit of ownership by the latter since 2006, has increased its staffing and space-capacity challenges. Despite the capacity challenges, the backlog of more than 200 unclosed commitments under 7th and 8th EDF was successfully reduced to about 20 at the reporting period.
14. Given the current political economic context and the state of aid development co-operation between the European Commission and Papua New Guinea, it is strongly recommended to focus the 10th EDF strategy in line with the current political and development priorities of the country, that is, (1) strengthening the capacities of and delivering through sub-national authorities; (2) strengthening the capacities of non state actors in the country as key actors in the delivery of basic services to the population; (3) accompanying the capacity-building interventions with funds needed for the delivery of actual services; (4) supporting the creation of income generating opportunities in rural areas, also via sound micro-financing mechanisms; (5) support the Government in its efforts to bring country systems in line with international standards; (6) support the climate change agenda of the country.

2. COUNTRY PERFORMANCE

2.1 UPDATE ON THE POLITICAL SITUATION AND POLITICAL GOVERNANCE

- **Follow-up of the 2007 General Elections** – Although the 2007 General Election was highly commended by observers both from within and without the country for its success even though it was the first time the Government implemented the preferential voting system nation-wide, 52 national election petitions filed in the Court of Disputed Returns continued to be heard into 2008. Tempering of the electoral process, omission of potential voters, bribery, double voting and intimidation have been the main allegations. Several cases are still pending. One Open Seat went for by-election; three appeals for Open Seats are still pending at the National Court. The costs involved in the Court cases and in the by-elections are estimated to be rather significant, although exact figures are not available. However, the likely associated costs as well as the number of election petitions would have been greater had the Government used first-past-the-post voting system.
- **Local Level Government Elections** – After the 2007 National Elections, the Local-Level Government Elections took place from April – June 2008¹. The Elections were conducted under the Limited Preferential Voting System (LPV). Out of the 19 provinces, only eleven provinces elected their Local-Level Government Presidents directly² whilst the rest have voted their Ward Councillors who then voted their presidents. Lobbying for the Council Presidents in the other 8-provinces intensified especially in the Highlands and resulted in violence. However, the amendment to the Organic Law on Provincial & Local Level Governments allowing only the Members of Parliament to be Provincial Assembly members prevented the Presidents from participating meaningfully. The amendment defeated the spirit of the decentralization of powers under the Organic Law on Provincial & Local Level Governments.
- **Promoting Female Candidates** – Even though many women contested the 2007 National Elections, only the same woman previously elected retained her seat and was given a ministerial portfolio³ for the second term. Few women are willing to stand for election, in part because of intimidation tactics employed by some male candidates and supporters.⁴ In order for more women to be represented in Parliament, in 2008 the only woman MP motioned Parliament to accommodate three nominated seats for women in Parliament. Around 95 women submitted expression of interest and the selection process is underway. The motion is introduced under Section 102 of the Constitution. However, there is public criticism even from the opposition on the manner in which the nominations were called for and how applications would be screened and processed. They think the number must be increased and proper legislation put in place to have equal rights as elected MPs – appointed as ministers, voting for budgets and constitutional amendments, etc; otherwise, if the current process concludes, the women may have no effect in Parliament. In the 2008 Local Level Government Elections, 15 women contested against 1542 male candidates for the Presidents seats in the eleven selected provinces. Also from the selected provinces, 83 females contested against 8533 male candidates for the councillors' seats.⁵ The final report of the winning female candidates was not available at the time of preparing this report. Even though the number is insignificant comparing to their male counterparts, the result shows that progress has been made on female participation in politics.
- **Reform to the Organic Law on Provincial & Local Level Governments (OLPLG)** – In July 2008, the National Parliament approved a number of key reforms to the Organic Law on Provincial & Local Level Governments (OLPLG) that has changed the system of inter-governmental administration and financing. The new system affects all the provinces, except the National Capital District and the Autonomous Region of Bougainville, which are both subject to separate legislations. The funding of the new system will be phased over the next five years, commencing with the 2009 Budget allocation of K37.5 million. During these five year transition period, no province or local-level government will receive less than it did in 2008. However, the amendment to the Organic Law in Section 10 does not go well with the Local-level Government presidents as they are being removed from their respective provincial assemblies and disqualified them from being deputy governors in their provinces. The amendment established that only the local Members of Parliament were qualified to become assembly members and governors or deputy governors – if they opted not to become state ministers. This amendment affects provinces that have lesser MPs such as Manus, Oro, and New Ireland. The Ombudsman Commission is in the process of preparing a legal challenge in the Supreme Court on the validity of the amendments.

¹ Issue of Writs and Nominations Open: Thursday, 17 April, 2008; Nominations Closed - Wednesday, 23 April, 2008; Polling Commenced - Saturday, 17 May, 2008; Polling Ended - Saturday, 21 June, 2008; Return of Writs - Monday, 30 June, 2008.

² Provinces that directly elected their Local-Level Government Council Presidents: East New Britain, West New Britain, Manus, New Ireland, East Sepik, West Sepik, Madang, Morobe, Northern/Oro, Milne Bay, and Eastern Highlands

³ The retained seat is in the nation's capital where most voters are educated; know the potential of the woman, and aware of gender issues.

⁴ Source document: UNDP Project Document – Strengthening Human Rights in PNG implemented by the Ombudsman Commission.

⁵ Source: PNG Electoral Commission – Summary Table of the 2008 LLG Elections.

- **New Provinces Created** – The National Government set up a committee in 2007 to assess the possibilities of creating new provinces and districts in response to the population growth and for the government to bring services closer to the people.⁶ After a long political dialogue, 2 new provinces (Jiwaka and Hela Provinces – both in the Highlands) were being created in 2008, bringing the total number of provinces to twenty one (21)⁷. This means that the Government will have to find more money in 2009 and onwards to cater for recurrent and investment costs to operationalize the administrations. In the 2009 National Budget there has been an allocation of K4 million for the preparatory activities for the new provinces.
- **Autonomy to Provinces** – With the establishment of autonomy for Bougainville, other provinces are also vying for the same. The provinces of East New Britain and New Ireland are very serious with this intention and established in 2008 special committees who have been pursuing autonomy particularly in the fiscal area with the National Government.
- **Financial Support to Decentralization** – Under the Organic Law on Provincial and Local-level Governments, power has been decentralized in 1995. However, lack of funding and institutional support from the National Government has been an on-going concern. Over the last three years, the Government has allocated substantial amount of funds to the Provinces and Districts to build their capacity under the District Service Improvement Program.
- **District Services Improvement Program (DSIP)** – The Government-led DSIP is designed to improve the basic government services in the entire 89 Districts of the country. The Government allocated a total of K890 million from the 2007 Supplementary Budget and 2008 Annual Budget, of which each district was allocated one-off K10 million for priority expenditure areas – basic infrastructure rehabilitation and maintenance. For the expansion of the programme, the Government in its 2009 Budget has allocated K4 million to each district (total of K356 million) to pursue the ambitious development priorities of the districts. This is very consistent with the Government's deliberate development policy intervention at the district level to deliver basic services.
- **Public Sector Reform Strategy (2008–2012)** – This strategy came into force in 2008 and focuses to address poor service delivery challenges through two strategic goals: (1) Improving the delivery of basic services to districts, local level governments, wards and communities; and (2) Supporting service delivery by creating a performing and affordable Public Sector, including identifying other innovative mechanisms to support service delivery more effectively. This plan is one of the major pillars of the Government's Long Term Strategic Plan 2010 – 2050.
- **Improving Governance and Accountability** – In 2008, the Department of Personnel Management (DPM) delegated certain powers and responsibilities of managing human resources to Government Departments under its devolution program. Among other reasons, the devolution program is to reduce red tape in the selection and recruitment process and quick structural and management adjustments in response to immediate needs. The Government is also committed to improving governance and accountability at the lower levels of government.
- **Improving Governance and Accountability of Resource Rich Provinces** – The Government is concerned about direct transfers from extractive industries to provincial governments, its accountability and disclosure of accurate reporting on these transfers are lacking. In order to address these challenges, the World Bank's Board of Directors approved in 2008 an IDA Credit to finance the Second Mining Sector Institutional Strengthening Technical Assistance Project.
- **Cases of Corruption** – Amongst other corruption cases in 2008, the notable cases surfaced were: (1) the Taiwan Diplomatic Scandal of US\$29.8 million "cash for recognition" scandal, where some PNG politicians were alleged to have received cash in exchange for PNG to recognize Taiwan as a separate state from the mainland China; (2) Singapore secret accounts that hold US\$40 million alleged to have been paid to PNG politicians and individuals by logging companies; (3) Department of Finance enquires; (4) shelving of the enquiry report on Julian Moti affair⁸; and (5) Prime Minister's non declaration of shareholding in the Pacific Registry of Ships and his incomplete provision of annual returns since 1992. History shows that such high profile scandals may not be determined soon by the judicial system.⁹ The PNG judiciary is generally understood to be independent, but there are indications that this independence is increasingly under threat.¹⁰ In terms of the internal scandals, the PNG judicial system finds it difficult to fast track the cases due to the fact that there are complications in the bilateral agreements, different leadership codes, banking systems, etc. Assistance from International Police (Interpol) takes a very long time for investigation and prosecution.

⁶ The actions taken are stipulated in the Organic Law on Provincial and Local Level Governments and the Constitution of PNG.

⁷ Based on the independent assessment, more provinces and districts may be added in future.

⁸ The Julian Moti Affair case has been discussed in the 2007 JAR. The enquiry report has been shelved.

⁹ Others past high profile scandals that have never been settled are the Cairns Conservatory purchase, Cayman Islands Bank transactions, National Provident Fund corruption scandal, Julian Moti Affair, Investment Corporation Fund investigation, etc.

¹⁰ Source document: UNDP Project Document – Strengthening Human Rights in PNG, Project ID; June 2007.

- **Fight Against Corruption** – PNG has the appropriate legal framework to curb corruption but insufficient funding and staff capacity, bribery into shelving of major cases, lack of political will have been the biggest challenges for key legal institutions in PNG. The *Parliamentary Public Accounts Committee* findings and recommendations on the Finance Enquiry including other enquiries have been too slow or not filed in the National Court by appropriate authorities. In early 2008, the Ombudsman Commission and the Public Prosecutor were taken to court by the Prime Minister on allegations that the PM did not complete or provide annual returns since 1992.
- **Law and Order** – Population increases in major urban areas through natural births by urban dwellers as well as rural-urban drift have created pressure on the available public utilities which results in breakdown in law and order as a means for survival. Some major crimes reported in 2008 were bank robberies, car thefts, murder, and destruction of public properties.
- **Illicit trafficking and spread of Small Arms and Light Weapons** – National forum on firearms were conducted in 2008 but the recommendations are yet to be actioned. Highlands Region, Lae, Port Moresby and Bougainville are still the hot spots of firearms.
- **Judicial and Law Enforcement System** – Addressing crime and corruption remains one of the country's critical and costly challenges, posing a major impediment to economic growth. To address these challenges, the Government in collaboration with development partners initiated major intervention programs such as the *Law and Justice Sector Policy* and the *Sector Strategy Framework* (a co-ordination mechanism between the public authorities and the civil society to distribute resources) introduced in 2008. It is hoped that these initiatives and other complementing initiatives will positively impact on the current challenges.
- **Access to Justice** – The National Constitution guarantees the right of every citizen to a fair trial. However, access is a real problem for people in remote areas and tends to limit citizens the right to fair trail. Hence, the PNG Magisterial Services (PNGMS) has improved its functions by recruiting up to 103 magistrates (highest in the Pacific, 17 females will increase to 25) in 2008 and plans to recruit up to 130 in 2009. The PNGMS has 70 district courts throughout the country and has a total permanent staff of 675, including magistrates. The PNGMS is making moves (simplifying the court's processes and procedures) to help victims of family and sexual violence in rural areas to have easy access to the court system.¹¹
- **Human Rights** – In 2008 PNG ratified the International Covenant on Civil & Political Rights (ICCPR), as well as the International Covenant on Economic, Social & Cultural Rights (ICESCR). However, little progress was made in reporting obligations and in establishing a Human Rights Commission. Civil society started to become more vocal through the activities of the 'Individual and Community Rights Advocacy Forum' (ICRAF) and Transparency International PNG, which in 2008 organized several workshops and seminars.
- **Partnership Policy Framework (PPF)** – Through the Non- Government Organization policy, the Government recognizes the role of non-state-actors (NSA), as partners in development. The partnership was further strengthened between the Government and the Churches through the Partnership Policy Framework (PPF) established in October 2008. The Government will commit funding to the partnership through the annual budget process commencing in the 2009 Budget. Similar arrangements are considered with other NSAs.
- **Ombudsman Commission** – The last Chief Ombudsman's, Ila Geno, who has been very vocal and uncovering implications related to constitutional office holders¹², term in office expired in 2008. The National Executive Council (NEC) did not renew his term since he has reached the retirement age of sixty (60) for public servants in PNG. In his place, Mr. Chronox Manek, was appointed.¹³ The performance of this important institution has improved markedly over the years due to government and development partner, such as AusAID and others, interventions through institutional capacity building programs. However, there are still challenges that need to be addressed to enable the Commission to further improve in its performance, including bureaucratic and political pressures.
- **Autonomous Region of Bougainville** – After receiving its full autonomy, the autonomous region still faces development challenges. The PNG Government and development partners have allocated more funding in the rehabilitation and capacity building projects. Under the autonomous powers, the future of the Panguna Mine, the cause of the civil war, has been given back to the people of Bougainville. In 2008, a total of K54.2 million¹⁴ for recurrent and K17 million for development grants were allocated to the autonomous region. Unfortunately, the late Joseph Kabui, President of the Autonomous Region of

¹¹ Source document: PNG Law & Justice Sector Report.

¹² One obvious case was relating to annual returns for the Members of Parliament.

¹³ The new Chief Ombudsman held many key constitutional offices such as being the Attorney General and Public Solicitor.

¹⁴ Bougainville will receive grant funding of K57 million in 2009.

Bougainville passed away in mid 2008. He was one of the influential leaders who led Bougainville out of the crisis and was very instrumental in concluding the peace process. In late 2008, the by-election was completed with a new President being elected, Honourable Joseph Tanis.

- **Illegal Immigrants from Asia** – In 2008 there were several reported cases of influx of Asians into PNG. Many are suspected of working in shops and night clubs¹⁵ owned by Asians around the country. The Government took necessary measures and extradited some of them who were caught back to their country of origin. Another alleged case was reported at the Ramu Nickel & Cobalt Mine¹⁶ in Madang Province which employed Chinese nationals who did not have work permits and relevant visas. An investigation was jointly carried out by the Department of Labour & Employment and Police Departments¹⁷. The findings are yet to be made known to the public.
- **Regional developments** – Throughout 2008, PNG continued to play a mediating role in the Fiji crisis mainly through its bilateral relations, including the commitment taken to lead the regional task force aimed at solving the Fiji crisis. In 2008, Mr Rima Ravusiro, a Trade Advisor at the Department of Foreign Affairs, Trade and Immigration of PNG, was appointed as the new Director-General of the Melanesian Spearhead Group Secretariat. In terms of contribution of Peace Keepers, PNG continue to make available peace keeping forces (PNGDF and RPNGC personnel) to the RAMSI in Solomon Islands even in this reporting period.

2.2 UPDATE ON THE ECONOMIC SITUATION¹⁸ AND ECONOMIC GOVERNANCE

- **Macroeconomic stability and relations with the IMF** - The IMF office in PNG was closed in 2007 and the country economic performance is now being followed by a new team based at the Washington Headquarters. The last Article IV consultation mission was held in December 2008. This report indicates that PNG was in a relatively favourable position at the onset of the global financial crisis and macro-economic indicators kept improving. Yet, the deterioration in international economic conditions starts having an impact, although milder than in many other countries. The global slowdown is impacting export revenues, owing to the reduced demand in commodities and the collapse of their prices, worsening both domestic and external balances. However some factors such as the prospective LNG project and the relative insulation of the banks from global financial markets are buffering the impact on Papua New Guinea.
- Concerning **economic projections**, real GDP growth is foreseen at 3.9% in 2009, down from 7% in 2008 with a slowdown in both the non-mineral and minerals sectors. Inflation is predicted to ease to 5.3% in 2009 down from 11.2% in 2008. The current account surplus will turn into a deficit in 2009 at -6.7% of GDP down from a surplus of 2.8% of GDP in 2008, the current account will stay in deficit in the medium term primarily reflecting continued strong growth of capital imports related to investment projects (particularly in the construction sector).
- On the **fiscal policy**, the IMF assessment is that the increase in public expenditure in the 2009 Budget is too high and the government should seek for a more balanced budget in 2009. The current level of public spending cannot be maintained without undermining debt sustainability. In addition, the IMF is concerned by the heavy drawings from trust funds in the 2009 Budget and questions the efficiency of public spending, considering the lack of supervision.
- On the **financial sector**, the IMF confirms the widely accepted view that PNG's financial sector is insulated from the direct effects of the global financial market turmoil. With banks funded primarily via domestic deposits, the tight conditions in international capital markets are not affecting their liquidity.
- On the **monetary policy**, the IMF noted that the current monetary stance was appropriate (see paragraph 3 on the Bank of PNG monetary policy statement), but underlined the need for monetary policy to react quickly to changing circumstances. In particular, the fiscal stimulus in the pipeline for 2009 and still rapid credit growth may fuel inflation going forward. As to the exchange rate policy, the IMF staff estimates that the kina is slightly over valued essentially due to the recent deterioration of PNG exports.

¹⁵ The Asian run night clubs have been suspected of operating as brothels with immigrant females to serve their masters only. The Government has taken necessary measures to curb the illegal promotion of prostitution (which is illegal under the Censorship Act of PNG).

¹⁶ The Ramu Nickel & Cobalt mine is operated by a Chinese company. Since the inception of the mine, locals have been raising the alarm that there were suspected illegal immigrants on site. After such is reported, they fled into nearby villages before being caught by authorities.

¹⁷ Report to be collected from the relevant authorities – Police, Department of Labor & Industrial Relations.

¹⁸ Source documents: Budget Strategy Paper for 2008, 2009; National Budget Volume I; 2008, 2009 Treasury and Bank of PNG QEB, National Statistical Office, IMF, Ministerial Statement on the "State of the Economy" by Minister for Treasury & Finance (8th July 2008).

- Finally, the **Debt sustainability analysis** (DSA) indicates that PNG still remains at moderate risk of external debt distress over the medium term. However, the debt is particularly vulnerable to the trade balance and slower economic growth, both factors which are currently deteriorating.
- The main vulnerabilities identified by the IMF are:
 - a) the economy is exposed to commodity price shocks¹⁹, mineral exports value and volume has declined due to the global crisis and mineral production is expected to decline over the medium to longer term due to the natural exhaustion of non-renewable natural resources;
 - b) further acceleration in unproductive public expenditure, due to poor PFM performance, would raise demand pressures;
 - c) ~~the use of windfall revenues saved in trust accounts during the commodity price boom years to compensate for lower mineral revenues and increasing public spending could be a waste;~~
 - d) a discouraging business environment, including unreliable services, poor transportation infrastructure, weak governance, high crime, red tape and corruption, hampers the development of a sustainable non-mineral economy;
 - e) broader reforms aiming at strengthening growth in the non-mineral sector are necessary in order to strengthen export competitiveness and resilience to external shocks;
 - f) significant weaknesses in the quality and timeliness of statistics hamper monitoring of macroeconomic developments.
- **Equity of economic growth and income distribution** - During the commodity price boom years, the positive trend in macro-economic indicators did not materialise into a proportional improvement of public services delivery but coincided with a paradoxical deterioration of the Millennium Development Goals (MDGs) indicators particularly in the health sector as reflected by the preliminary findings of the Demographic Health Survey report made available during this reporting period. Although both Government revenues and spending have been increasing, the weak Public Financial Management system did not allow for the investments necessary to enable the development of a sustainable non-mineral economy.

Although the Medium Term Development Strategy is used by both the Government and the donors as a framework for targeting allocation of public expenditures to priority areas, for years the alignment of public expenditure to poverty-reduction priorities has been slower than planned, with the majority of the development budget being funded by donors. However, significant redirection is occurring towards the MTDS priorities, particularly in the 2008 and 2009 Budget, although implementation is slow, partly due to a lack of operational capacity (particularly at the provincial/district levels,) which makes the delivery cost of service very high. In spite of the recent period of strong economic growth from 2003 to 2008, MDGs indicators have continued to deteriorate, particularly in the health sector.

- **Investment climate** - PNG is ranked 95 out of 181 countries in the 2008 World Bank's "Doing Business Report". PNG's ranking has been deteriorating over the past years, reflecting weak political commitment to improve the business climate. PNG has discouraging business environment: unreliable services; poor transportation infrastructure; coupled with the perception of weak governance, high crime rate, red tape and corruption which all hamper the development of a sustainable non-mineral economy. However, major development investments made by the current Government and other key stakeholders including development partners to address these challenges are now showing tangible positive results although incrementally. In this reporting period, a reputable international organization, The Poor and Standards, rated PNG's investment (including foreign direct investment, climate as B+ which is a commendable incentive. It is admitted that the non-mineral GDP growth rate needs to roughly double over a sustained period to meet the objectives of reduced poverty, significant job creation, and higher development impacts.

In the mineral sector, there are high expectations that the PNG Liquefied Natural Gas (LNG) Project, now in front-end engineering and design stage, will continue to support economic activity, especially in the construction, real estate and finance sectors. However, given that export prices of mineral products are likely to decrease in the short-medium term, this trend might affect the implementation of the project.

Growth in construction activities should continue but is nonetheless expected to slow down due to tightening capacity constraints and particularly the scarcity of available land due to landownership issues. In the service sector, further expansion in the telecommunication is expected from the structural reforms that have allowed competition in the mobile phone sector, while real estate shows little sign of slowing after rapid growth in recent years. However growth in the other

¹⁹ Mineral revenue is highly sensitive to changes in global prices and the IMF estimated in 2008 that a 10 % reduction in export prices would reduce PNG's GDP by about 0.5% annually, which is currently the case.

services sectors is expected to decline due to the reduction of income in urban areas. Mining output will be boosted by the commencement of the Ramu nickel project and the Hidden Valley gold project, while oil output is expected to continue to decline.

- **Private sector development and employment** - Formal, private sector employment increased by around 10% in the 12 months to June 2008, with particularly strong contributions from the construction, manufacturing and transportation sectors. It is important to take into consideration, however, that this type of employment accounts for only a small percentage of the overall labour force. Only about 14% of the population lives in urban areas, and the monetized sector of the economy is estimated to be employing around 20% of the total population. Many Papua New Guineans are farmers who mainly produce for their own consumption. Those rural communities that also participate in cash-crop production will have had their incomes boosted by the higher Kina (K) prices for agricultural exports such as cocoa, copra and coffee, the price of which increased by 21%, 65% and 8%, respectively, when comparing the first nine months of 2008 with the same period in 2007.

The Government is fostering closer ties with the private sector, which it recognizes as an important engine room of growth, but has rejected the full scale approach to privatization of state companies. Up to now, minor assets have been sold but core entities have such as communication state company Telikom PNG, the national airline – Air Niugini - and PNG Harbours are deemed more suitable for public-private partnerships following restructuring and rehabilitation. The Government approved its national Public-Private Partnership policy frame in the month of December of this reporting period. This provides new approaches of doing development business in the country between the Government and the private sector.

- **Public Financial Management and PEFA reports:** In October 2008 a joint Donors–Government PEFA assessment mission was conducted with the participation of the WB, ADB, AusAid and the EC Delegation for the first time in PNG. Preliminary results exhibit progress in some areas but the overall PFM framework remains weak. Progress has been made in the following areas:
 - a) macroeconomic stability has improved, the debt burden has been significantly lowered and a proportion of windfall revenues has been set aside for future use;
 - b) budget preparation is more orderly, transparent and consultative—the 2006 Fiscal Responsibility Act²⁰ was a big step;
 - c) much headway has been made also on clearing backlogs of public accounts (financial reports);
 - d) finally, more active engagement by the Parliamentary Public Accounts Committee (PAC) and the Auditor-General's Office are important indicators of improving financial accountability. However external audit and scrutiny bodies still face serious problems to secure their budget allocations (in 2008 the Parliament's Public Accounts Committee (PAC) received only K500,000.00 out of the officially allocated budget of K3.0 million).

Weaknesses remain in critical areas related to good governance:

- a) systems and procedures for expenditure and payroll control are continued to be breached, undermining appropriate accountability;
 - b) transparency in budget execution is weak, with budget integrity undermined by unauthorised diversion of funds, including resources for regional development, ex-post regularisation and the use of supplementary budgets. Funds can be diverted to trust accounts which are managed outside of the budgeting process and are not subject to the oversight and accountability provisions foreseen in the related legislation.
 - c) oversight has been weakened by delays in preparing and releasing public accounts and audit reports. Statutory authority accountability is particularly weak. Accounts remain open and active long after the end of the financial year.
- **Economic Partnership Agreement** - after the initialling by PNG and Fiji of the interim EPA covering trade in goods in December 2007, progress in finalising pending issues concerning the text of the interim agreement was extremely slow – these issues were not solved therefore will be carried over into 2009. In addition, activities concerning the negotiations of a comprehensive agreement were brought to a complete standstill. In order to instil some commitment, the EC Delegation to PNG and the Ministry of Foreign Affairs, Trade and Immigration organised a regional seminar in Madang, in April 2008, attended by the Trade Ministers and Senior Officials from the six biggest PACP.

²⁰ The Fiscal Responsibility Act aims at improving the financial management and reporting by imposing legal sanctions for public servants, including at policy level, infringing the PFM legislation and particularly for corruption offences.

The stance of the PNG authorities towards a comprehensive EPA is torn between regional solidarity and national interests. So far, PNG did not dare pursuing its national agenda, which would plead in favour of negotiations in areas which other Pacific States disagree with (services, competition, IPR). At the same time, apart from a small segment of the private sector which has an interest in exporting to the EU (exports and imports in the region are dominated by Australia and New Zealand), there is very little interest in the country for the EPA. Even within the public sector, the Minister for Foreign Affairs, Trade and Immigration seems to be the only one interested in and committed to EPA.

PNG is fully committed to a regional comprehensive EPA (cEPA) with the rest of the Pacific region and will work towards achieving that objective. There are projects and investments that PNG is currently pursuing at the national level that have regional implications where PACPS as a group can benefit. Furthermore, as negotiations continue on cEPA, it is likely that additional PACPS will table their list of goods offers. Hence, as scope of the EPA gets wider, it is anticipated that there will be additional benefits from increased trade and investment between Pacific and EU and also amongst the PACPS themselves. PNG stands ready to utilise those benefits. Therefore, it is in PNG's interests to contribute to the regional negotiating machinery for WTO-compatible trading arrangements, progressively removing barriers to trade and enhancing cooperation in all areas relevant to trade.

PNG is also involved in other trade negotiations at multilateral, regional, sub-regional and bilateral levels. These negotiations include; World Trade Organisation (WTO), Asia Pacific Economic Cooperation (APEC), Pacific Island Countries Trade Agreement (PICTA), Pacific Agreement Closer Economic Relations (PACER) and, Melanesian Spearhead Group Trade Agreement (MSGTA). PNG also has bilateral Trade Agreement with Fiji. Another regional trade agreement, which PNG is now assessing is the APTA formerly known as Bangkok Agreement.

As PNG pursues implementation of these trade agreements, which are all WTO compatible, there is an urgent need for a comprehensive Trade Policy to be enacted. As globalisation advances, Trade policy must be balanced between external exposure resulting from international trade and encouraging domestic demand and consumption. Therefore, Trade Policy must not be an isolated but to be integrated in to the mainstream development policies. One of the programs that are supporting that process of integration is the EU funded Trade related Assistance Project which is focused on three main components which are Trade Policy Formulation and Implementation, Capacity Building and Institutional Strengthening and Trade Development and Export Promotion.

2.3 UPDATE ON THE POVERTY AND SOCIAL SITUATION

- **Monitoring of the MDGs** – The Medium Term Development Strategy (MTDS) 2005-2010 is the only overarching policy framework of the Government. It adopts as theme to reduce poverty through rural development. The MTDS objectives are generally reflecting the principle sentiments of the National Poverty Reduction Strategy currently in draft²¹. In 2003, the Government tailored the MDG global targets and indicators to suit local socio-economic context as part of the MTDS formulation process by establishing 15 targets and 67 indicators. The UNDP assisted the Government in 2004 to prepare its first Country Progress Report on the MDGs. Unfortunately there is neither a statistical baseline report nor exhaustive statistical data enabling to assess progress towards MDGs. For these reasons, Annex 1.B cannot be filled in.
- The current situation is that MDGs 1, 2, 4, 5, and 6²² are closely aligned to relevant MTDS. However MDG-7 (ensure environmental sustainability) is not fully aligned to the MTDS and would require specially designed targeted interventions to ensure a fully and comprehensive elaboration within the MTDS. Targets and indicators for MDG-8, which calls for international partnership, have been achieved in 2008 as reflected by the signing of the PNG Commitment on Aid Effectiveness, the localized version of the Paris Declaration on Aid Effectiveness.
- In order for PNG to report on its development progress, the Government is in the process of up-dating its data and producing the 2008 pocket book/ annual report for the MTDS Performance Management Framework (tool used to track the country's MTDS 13 indicators and corresponding to the MDG targets). In 2008, the Government also commenced work on PNGInfo, a customized version of the MDG's DevInfo. It will contain secondary data on MDGs and other indicators to be

²¹ Note that work on the national Poverty Reduction Strategy was undertaken before the MTDS with technical assistance from the ADB in 2002 and 2003.

²² MDG-1 (Eradicate extreme poverty and hunger), MDG-2 (Universal Primary Education), MDG-4 (Reduce Child Mortality), MDG-5 (Improve Maternal Health), MDG-6 (Combat HIV/AIDS, Malaria and other Diseases) are closely aligned to MTDS-EPA on HIV/AIDS Prevention, Primary Health Care, Basic Education, Development-oriented adult education, and Promotion of income-earning opportunities with Rehabilitation and maintenance of transport infrastructure as well as Law and Justice providing cross-cutting effect to all the MDGs.

accessed by all. In 2009, the Government plans to introduce the Results-Based Monitoring System to make the Public Investment Program more out-come oriented.

- In addition, in 2008 four critical steps were envisaged as building blocks for strengthening the MTDS and MDG alignment and for achieving MDGs by 2015: (1) document a statistical baseline report to serve as the official benchmark for tracking progress; (2) establish a socio-economic forecasting/costing of the reprioritized national MDG targets and indicators; (3) design MDG targeted socio-economic interventions; (4) strengthened the development strategy and budgetary responses towards the achievement of the MDGs.
- **Progress towards achieving MDGs** – Under **MDG-1**, the Government considers that 30% of the population lives below the poverty line of 399 kina per year with a gini coefficient of 0.50 based on 1996 data. Under **MDG-2**, the Government is moving robustly to implement its education policy based on a policy document introduced in 2005.

Under **MDG-3**, limited progress has been made in terms of gender balance in the political arena. The National Statistical Office is yet to retain a gender focuses disaggregated data. **MDG-4 and 5** are very preliminary in terms of demonstrable results in the fours regions of PNG.

MDG-6 remains contentious since voluntary counselling and testing remain limited even though significant national awareness to the subject is at high level. Testing centers are limited in provinces as well as districts. The National Aids Council collects some data but this has yet to be vetted by the National Statistical Office.

Some progress has been made under the **MDG-7**, with the establishment of an MDG-7 project under the auspices of the Prime Minister's Office. However, reporting on this goal appears hampered by either actual or perceived lack of data. Furthermore, environmental issues are not highly integrated into country communication systems and reporting frameworks.

MDG-8 was not localized till the signature of the PNG Commitment on Aid Effectiveness beginning of 2008.

- **Obstacles** – There are several challenges on the way towards monitoring and achieving the MDGs. The main one is the **co-ordination among internal authorities** stemming from an unclear definition of roles and responsibilities. The National Statistical Office has received a total of K4.75 million for the Demography and Health Survey in the 2007 and 2008 development budgets. However, in 2009 there are no funding foreseen for new initiatives and to assist in institutional strengthening and capacity building.²³

Controlling corruption is a problem – Corruption can retard economic growth and progress towards the MDGs, by diverting scarce resources from developmental priorities and blunting incentives, including for service delivery and accountability. Measuring governance is notoriously difficult though. The World Bank Institute's Governance Indicators are the most comprehensive dataset on the topic, covering six dimensions. Pacific countries show variable performance, PNG performs poorly and other countries in between. A comparison of progress between 2002 and 2005 shows (statistically) significant improvements but Fiji, PNG and Tonga show a worsening of control of corruption. However, since the composite indices on corruption of a given country such as PNG is largely based on perception, the actual nature and level of corruption is never clear, not to mention the questionability of established definitions of corruption.

Skills are a scarce resource – PNG has difficulties attracting, developing and retaining skilled staff. A low level of investment in human resources has led to many public servants lacking appropriate skills. Skills at provincial levels of government are, on average, substantially weaker than at the national level. Key public sector skills urgently require development, especially for improved service delivery. The private sector faces similar challenges, which constrains economic growth. Retaining technically experienced personnel, such as accountants, lawyers, economist, doctors, geologist, etc can be difficult in the face of historically high demand in Australia, New Zealand and in other countries.

Capacity building requirement for the National Statistical Office (NSO) that the EC may assist with – Information is of vital importance in development planning, monitoring and reporting on performance. However, currently this is not practicable with the NSO lacking capacity to provide the required information. When consulted, NSO highlighted the need for assistance in the areas of statistics conversion into usable information, networking with respective clients that provide the

²³ Program - Statistical Operations & Procedures: Objectives is to maintain a core range of balance, timely and relevant population, social, and economic statistics; ensure the quality of statistical output; extend and improve the range and quality of population, social and economic statistics; maintain statistical standards classifications and frameworks for statistical programs and activities.

required data, updating of PNG's Civil Registry²⁴, developing the Corporate Plan for NSO, and building district information system to collect population information. From a strategic point of view, having a Corporate Plan is of priority, to give a sense of direction to the organisation, and more importantly to highlight to the government and donors the issues and constraints the organisation is faced with in developing statistical information for use. Building the district information system is another priority area in that it will feed and complement the need to update the Civil Registry Systems, which is more complex and costly to be taken up by any one donor alone. The latter is in the scope of current interventions/initiatives of the EC under the 9th EDF and 10th EDF Rural Economic Development Programme currently under preparation.

Few strategies contain specific policy actions or financing plans – It is not always clear how policy actions and resources relate to achieving development objectives. PNG has financing plans for its development strategies but targets are not costed and funding sources not identified. While detailed costing is not essential, indicative estimates can help Treasury and Planning with (bottom up) budgeting, support more careful planning and expenditure appraisal in line departments, and help with donor discussions on funding gaps.

- **Impact of the rise in food on poverty/social inequality** – The rise in food prices was noted mainly if not exclusively in urban areas and has had an impact exclusively on a restricted segment of the population. Given that 85% of the population lives in rural areas, and that 90% is involved either directly or indirectly with agriculture subsistence activities, this phenomenon has not yet had an impact on poverty/social inequality.

2.4 UPDATE ON THE ENVIRONMENTAL SITUATION

- **Environmental Sustainability** – PNG is one of the most bio-diverse countries in the world and having containing one of the largest forest areas (29 million hectares) in the world and having a large portion of the population whose livelihoods depend on the natural environment. PNG's natural beauty and endemic species are irreplaceable. However, the current trend is not encouraging. Urbanization, industrialization, natural resource development, energy demand, and population growth put additional pressure on the environment²⁵. Furthermore, PNG is vulnerable to the effects of climate change such as cyclone, drought, rising sea levels, floods, tsunamis, landslides and bushfires. International performance rankings for environment protection in PNG reflect poor performance.²⁶ In the near future PNG will struggle to provide sufficient funds necessary to cope with such disasters. The existing strategies reflect the long-term sustainable socio-economic growth and development while not comprising the environment in the process. Environmental governance, particularly in the resource extraction sectors, and institutional capacities for implementation of sound natural resource and environmental management practices remain weak²⁷.
- **Responding to Natural Disasters** – In 2008, there has been continuous landslides along the Highlands Highway that hindered service delivery to the resource rich provinces. Lives were lost in the flood disaster in the Northern Province and Manam volcano in Madang Province and also destroyed infrastructure worth millions of Kina. The ongoing eruption and seismic activities related to Mt. Taruvur volcano in Rabaul, East New Britain Province, has become a great concern for the Health Department. There are reported cases of high pollution of water sources and natural environment and people having difficulties in breathing. The EU through the Gazelle Restoration Authority has allocated millions of Kina for the restoration programme and resettlement of the affected communities. However, people are still living in the Rabaul area when the volcano is still active and producing dust continuously.

In general, the Government and development partners have allocated adequate funding but lack of coordination and implementation of restoration programmes by the National Emergency Service (situated within the Department of Provincial Affairs) has been an on-going concern to-date. It is generally ill-coordinated and seen as poorly performing. The Gazelle

²⁴ The Office of Civil Registry currently is not under the NSO, it is under the Department of Community Development. It is NSOs view that the Registry should be part of NSO, as it is a good source of information for the purpose of updating the population data. Given the status quo, the NSO is not able to access the information with ease.

²⁵ PNG is a signatory of several international agreements and conventions, including the International Tropical Timber Agreement; UN Forum Convention on climate change, Kyoto Protocol, Convention on Biodiversity Conservation; and UN Convention on Desertification, These are global opportunities available to PNG to explore for the sustainable management of its forests and natural environment. PNG needs to be proactive on the agreements that it signed up to in order to benefit more meaningfully in terms of monetary and technical assistance. PNG Forest Authority has developed a draft Forest & Climate Change Framework for Action that is intended to be incorporated into the National Policy on Climate Change.

²⁶ Source document: 2009 Budget Strategy Paper, World Bank's Country Performance and Institutional Assessment, MTDS – Performance Monitoring Framework.

²⁷ Source Document: Country Environment Report/Profile by MWH, World Bank Environment Report.

Restoration Programme is the only successful programme managed by the Gazelle Restoration Authority (GRA) in East New Britain Province. However, the continuous ash fall from Mt. Tavurvur can not be contained by the GRA. Hence, a new strategy must be developed to handle the situation as more funding to the affected zone does not improve the situation.

Since 8 December 2008, a combination of king tides, high seas and two tropical depressions in the Pacific caused unusually high seas, affecting low lying islands and coastal regions in 7 provinces in Papua New Guinea (PNG). At the peak of the high seas, an estimated 75,000 people were directly affected by the waves and flooding, spread out over widespread coastal areas and numerous isolated low lying outer islands. The Government of Papua New Guinea declared a national disaster.

Following the high tides, DG ECHO carried out an evaluation mission and found out unmet needs in access to drinking water and sanitation, since water wells and latrines had been heavily flooded. Consequently, a financing emergency decision was adopted, starting on 1 January 2009, to secure access to safe drinking water and basic hygiene to the populations affected by the sea swells. EUR 450,000 has been granted to the French Red Cross to implement a water, sanitation and hygiene intervention, targeting a population of 48,000 beneficiaries in Manus, one of the provinces most affected by the crisis. If the situation in other neighbouring provinces deteriorates and indicators reach the same level of urgency as those in Manus, FRC will consider expanding its intervention.

- **Disposal of mine waste** - Though there are large potential for the mining industry to expand, disposal of mine waste has been an ongoing environmental issue for PNG. The Department of Environment & Conservation, which is responsible for impact assessment, lacks resources. The EU has supported the Department under the Mining Sector Support Programme to carry out deep sea mining tailings placement assessments. Two cruises were undertaken in 2007 and 2008. About 75% of the samples have been analyzed to date and an international conference was held in Madang in November 2008. The final guidelines for deep sea mining tailings will be become available in 2009.
- **Office of Climate Change and Carbon Trade²⁸** - In 2008, the Office of Climate Change & Carbon Trade (OCC&CT) has been established under the Department of Prime Minister and NEC. The Office has met international officials on Climate Change to clean up the mess on climate change and to mitigate environmental change related emergencies. Rising sea levels have already displaced many in PNG's lower lying atolls and in coastal regions. An MOU has been signed in March 2008 between Australia and PNG for forest carbon partnership to be funded by Australia at the cost of K3 million. The money will be used for capacity building for the OCC&CT and also other key agencies. The Office will seek more funding internationally meant for climate change. A survey will be conducted on reduction of deforestation and degradation. Also PNG could participate in the international carbon trading stock exchange.

3 OVERVIEW OF PAST AND ONGOING COOPERATION

3.1 REPORTING ON THE FINANCIAL PERFORMANCE OF EDF RESOURCES

- **Closing of Open Commitments under the 7th and 8th EDF programmes** - In 2008, the Government through the NAO's office and the EC Delegation made progress in closing at least more than 60% of the open commitments inherited under the 7th and 8th EDFs²⁹. There have been difficulties in tracking the history and to find the original documentation.

Table 1: 7th and 8th EDF Open commitments at beginning of 2008 (source: NAO SU accounts and OLAS)

EDF	Financing Agreement	Number of open commitments	No. of Imprest Accounts	Years	Outstanding advance PGK
7		4	3	1995-1996	400,000.00
8	3	62	7	1999-2006	1,922,430.22
	4	3	2	2000-2004	0

²⁸ The Kyoto Protocol signed in December 1997 binds all signatory states including PNG. Each state is required to meet the protocol mechanisms through emissions trading, clean energy development mechanisms, and through joint implementation. PNG is yet to report on its actual emissions, natural and created carbon reservoirs or sinks such as virgin forests, planted forests, and clean energy or waste disposal systems. The Prime Minister has taken the agenda head-on and could expand the OCC&CT. The PM has formed the "Coalition of Rainforest Nations" to push for compensation to rainforest nations by industrialized nations for reduced emissions from deforestation and degradation. Hence, the PM has nominated a special envoy to the UN on Climate Change to pursue PNG's interest.

²⁹ Around 200 commitments were open since 2006 were reduced to around 150 in early 2007. At the beginning of 2008, there were still 104 commitments to be closed from more than 15 PEs valued at around K20.5 million.

	5	12	6	2001-2006	7,771,829.94
	10	1		2001	0
	13	1		2001	0
	14	5	3	2002-2006	1,488,977.04
	17	8	4	2002-2006	1,584,319.67
	18	3		2003-2006	1,090,080.78
	19	5		2004-2006	6,662,837.35
	Total	104	13	1999-2006	20,520,475.00

- Beginning of 2008, a short term expert (STE) was recruited to assist close most of the 104 open commitments. The issues uncovered during the closure exercise are: no accounting or incomplete accounting at the end of each projects³⁰; inexistence of accounting documents; payment of additional advances without reporting / justifying on earlier advances; and use of same bank account for multiple programme estimates (PE)³¹ which lead to accounting difficulties.
- Taking into account the delays in control of expenditure of ongoing projects and processing of payments, the closure of the last 20 open commitments handed over by the STE to the NAOSU are of concern given the lack of sufficient staff and space capacity aside from the current workload the Unit faces. As soon as the Unit is fully staffed and with adequate space capacity, officers will be allocated to take full control of the open commitments once the projects are closed.
- Closure of open commitments is an ongoing activity; hence the above table reflects what has been done up to the end of 2008. Efforts have been made thus far to reduce the number of open commitments for closure to at least 90% by end of 2009 once NAOSU is fully capacitated.
- **Processing of Outstanding Payment Requests** - Since the recruitment of two needed staff at the NAO Support Unit towards the end of 2008, the delay in processing of payment request has improved. Nevertheless, request for standardisation of documents and other recommendations in reports are insufficiently followed by service providers such as: frequent errors in the calculation of time-sheets; no leave plans for some projects; and non compliance with rules concerning payments in relation to leave entitlements. At the NAO side, the priority ranking system of the MIS should be more effectively followed up.¹
- Since the arrival of new staff at the EC Delegation's Finance & Contracts Section, more effort is put in to speed up closing of open commitments and processing of new payments on time. However, there is still improvement needed to be done in processing of payment orders by all parties concerned.
- **2008 EDF Financial Expenditure Report** - The expenditure in 2008 has improved from 60% to 80% against the 2007 expenditure. The total expenditure according to the 300 payment orders processed was K77.44 million against forecasted expenditure of K96.21 million. In 2009, the expenditure is forecasted to improve to K120 million, 300-400 payment orders estimated to be processed even though the 8th EDF non sysmin projects have closed. Most of 9th EDF programmes will be in full implementation and the 10th EDF's Project on 'Institutional Capacity Building of the NAO System' and 1st phase of rural development programme will come on board in 2009.
- The 8th EDF non sysmin projects have committed only K0.75 million against the forecasted amount of K7.68 million mainly because most projects have closed. The remaining funds will not be carried over to the next EDF as it used to be before.. There are many reasons for slow drawdown of funds: two projects were suspended due to more than two PEs opened at the same time, which is not allowed under the new 9th EDF procedures³²; service providers and the supervising agencies lacked implementation capacity; and, ownership and responsibility lacked on the part of the supervising agencies as most of the projects were designed by the EC Delegation and managed by the TAs without fully or partly involving the supervising agencies.
- The 8th EDF sysmin programme outperformed the forecasted expenditure from K33.6 million to K50.85 million, mainly due to most activities of the programme component B, E, and F³³ started its full operation after some delays in TA recruitment.

³⁰ The international project managers were allowed to leave at the end of the implementation period without meeting the closure requirements.

³¹ Programme Estimates (PEs) or work programmes are annual implementation plans – activities/scope of work, budget, and results to be achieved in a given year.

³² The non closure of the programme estimates were mainly due to missing original receipts and other documents, but efforts were not taken by the project managers/TAs to track the documents and close the open PEs.

³³ Project B: Independent Evaluation of Deep Sea Mine Tailings Placement in PNG, Project E: Airborne Geophysical Survey of the PNG Highlands and Papuan Peninsula; Project F: Geological Mapping and Mineral Potential Assessment of the PNG Highlands.

- Actual expenditure of the 9th EDF programme was K25.8 million against forecasted expenditure of K54.9 million, 47% less than forecasted amount. The reason being that most of the projects have started its implementation in 2008. Trade project failed to deliver due to very poor ownership and non arrival of TA whilst Education programme (focal sector) expenses were mainly on TA fees.

3.2 PROJECTS AND PROGRAMMES IN THE FOCAL AND NON FOCAL AREAS

3.2.1 Focal Sectors - EDF 8 Projects/Programmes

3.2.1.1 STABEX

- It is extremely difficult to assess the achievements of interventions under STABEX funds given the lack of full information available to the NAO SU and the EC Delegation. Based on this assertion, an external evaluation and audit on the whole Stabex programme is recommended for the first semester of 2009 to ascertain the impact and achievements of the Stabex Program. A TOR is in place and soon the tender will be launched for an evaluation of the programme.
- In November 2007, at the Programme Steering Committee meeting, it was indicated that STABEX projects should use the 9th EDF procedures – same requirements and control system as the other projects. Implementation of 9th EDF rules did not take effect due to the fact that all existing projects at that time were implementing projects using the 8th EDF rules. Using the 9th EDF rules may conflict with the Financing Agreement of Framework of Mutual Obligations which was signed in 1990 between the European Union and the government of PNG. Therefore, all existing projects at that time were advised to continue using the 8th EDF rules but can use 9th EDF rules as and when required during implementation. In 2008, the executing agencies were requested to submit full financial reports with original documentation justifying the advances received and for replenishment. Because of the conflicts with the rules, projects were advised to submit original documentations as per 9th EDF rules. However, agencies which signed agreements before the 9th EDF rules were applied, were advised to continue using the 8th EDF rules for procurement, tendering etc. 8th EDF rules on procurement and tendering is strictly applied Any new projects considered for 2008 and beyond will definitely and fully use the 9th EDF rules
- After the closure of many projects, a new project is under preparation. The Bougainville Micro Credit Scheme under Bougainville Project Implementation Unit (BPIU) worth K5 million is the current biggest project. It is estimated that K2 million will be used for investment in building Bougainville's Credit Haus, K3 million for credit facility. To sustain the project after closure, negotiations are underway with the PNG Nationwide Micro Bank (formerly Wau Micro Bank). Other projects that have been extended until early 2009 are the projects under the National Agriculture Research Institute; Coffee Industry Corporation, and Rural Industries Council.
- A last tranche of € 0.7 million interest of STABEX funds held in a Belgian Bank has been transferred to the BPNG account in late 2008. The external evaluation will be requested to propose a project selection system for these funds.

3.2.1.2 Rural Coastal Fisheries Development Project (RCFDP)

- The RCFDP project has commenced implementation in 2001 and ended on 31st December 2008. Due to the departure of the international technical assistance (Cardno-Agrisystems) in 2004, the programme was carried out under the responsibility of the National Fisheries Authority (NFA) which lacked capacity to implement the project effectively. Hence, since 2006 the project had 4 open PEs (more than 2 PEs are not allowed under EDF 9 rules), each of them having outstanding advances due to missing documentation and incorrect implementation of procurements. The external auditors' reports on the first two PEs stated proper use of funds and respect of procedures but after checking expenditure reports by the NAO Support Unit, the external auditors reports contradicted the actual situation of the accounts and procedures. The credibility of the external auditors has become questionable.
- As the service provider was the imprest account holder of the first 3 imprest accounts, it was requested to prepare the financial reports and closure of commitments. The NAO expressed its concern over the lack of accounting documents after 5 years of technical assistance and project advice. The closures of the remaining commitments were still not processed up to April 2008.
- Hence, in July 2008 the key stakeholders including the service provider prepared a PE with specific commitments (no operational costs) to achieve the unfinished activities and other error corrections to enhance the poor results of this project. The main activities achieved during the final period of implementation include: re-launching construction of fish markets; public auction on the remaining boats; analysis on the impact of deployment of FADs; and training for the fisherman. The

construction of 3 fish markets was not implemented due to the bill of quantities not produced by the architect. Finalisation of the financial report and an MOU for the trust-funds" were finalised on 18th December 2008. The MOU contains the information on the structure to manage trust funds but it is yet to be deliberated and accepted by the Government and the EC Delegation.

- **Conclusion:** The project unfortunately delivered very low on its results. The service provider and the NFA would have provided better solutions during the last 4 months of implementation. It is recommended to the NFA and Contracting Authority / Government to approve the MOU and the structure to manage the trust funds and that the trust funds be used for completing one or more fish markets.

3.2.1.3 Improvement of Rural Primary Education Facilities (IRPEF)

- This programme started in 2004 on experience gained from a previous EDF education programme in PNG and received good comments from an external monitor in 2006.³⁴ In the beginning the project seems to have been well implemented but there were undercurrents (serious failures) that have not surfaced. There were more than two open PEs (normally not allowed), no proper documentation of the accounts, purchased materials sitting in yards for too long, etc. Due to mismanagement, the project has been over evaluated, audited (including a forensic audit by OLAF³⁵ foreseen to be carried out in 2009) and reported.
- The mid-term evaluation recommended that the project should correct as much as possible the errors of the past during the remaining 20 months and at least achieve investments in the field in a well organised way. The final draft report by the forensic audit arrived in March 2008 but not all comments were included. The report requested for a recovery order of around € 330,000 based on financial and procedural irregularities, but the responsibilities were not clearly defined.
- Three project managers for the same position were recruited consecutively – the last Team Leader was recruited in February 2008³⁶. The TA service contract was extended to November 2008 to finalise the accounting documents and closure request for the open PEs, and finalise the rehabilitation and construction works in the remote schools. The new team leader prepared grant proposal criteria, guidelines and applications forms for grant funding directly to the schools (instead of middle-men). Out of the 29 restricted list of applicants (schools), 26 were awarded with an amount just over K2 million to finalise their outstanding infrastructure by 24th November 2008 (closure date of implementation).
- In only three months, 26 school heads and board of management have for the first time implemented the greatest part of the investment component³⁷ of the project and have seen real tangible development in their very remote schools. At the end of November, already a part of the financial reports were achieved and some of the unspent funds recovered. The service provider finalises on own costs the financial reports and the control of the recoveries.
- Apart from the infrastructure component, the two PhD students have successfully completed their thesis. They will be graduating in 2010. The scholars are awaiting final assessments of their thesis papers from the assessors.
- **Conclusion:** The project achieved little positive results mainly because of mismanagement with regard to procedures. Lessons learnt are that when beneficiaries are fully involved in the project design and implementation with adequate training and closer supervision and monitoring, positive results seem possible as shown in the last grants PE implemented within 3 months.

3.2.1.4 Eco-Forestry

- Eco-forestry project was finalized at the end of 2006 but still has a number of open commitments that its accounts were unable to be verified by the NAOSU. As the NAOSU officers are focusing on controlling on-going projects, the situation is unchanged. With the expected arrival of the replacement TA to the Finance & Contracts Section in early 2009, all attempts will be made to close the remaining commitments.

3.2.1.5 Mining Sector Support Programme (MSSP)

³⁴ A 2006 EC Monitoring mission stated IRPEF is a performing and well driven education project, the best project in PNG.

³⁵ The forensic audit in November 2007 was confusing as there were no clear statements about the irregularity and fraud allegations. It was difficult or impossible to draw conclusions and to understand how to carry out a comprehensive closure of the fraud case.

³⁶ Two months later the previous team leader was proposed in another EC tender as short term consultant

³⁷ 85% of the funds allocated to investments (infrastructure) and transport.

- The Papua New Guinea Government applied for support under the 8th European Development Fund (EDF) SYSMIN special financing facility on December 30, 1997. The Financing Agreement to implement this programme was signed on 10/07/2002. The programme was funded as a grant from the 8th EDF unallocated funds in accordance with the provisions of the ACP-EC Partnership Agreement and in the framework of the Papua New Guinea National Indicative Programme. Originally the programme was intended to run until 31 December 2009, but was extended in November 2005 to run until 31 December 2012. The programme has a total budget of 50 million Euros for its 10 components. The projects of the MSS Programme cover a variety of fields like mining and marine environment, small-scale mining, geophysics, geochemistry, geology, mineral exploration, database design and management, geographical information system, website design, computer hardware installation, architecture, marketing and communication.
- The MSS Programme's overall objectives are to sustain the country's economic performance through continued mineral production and exports and to alleviate poverty, increase employment opportunities and mitigate mine-induced environmental impacts. Its specific purpose is to enhance institutional capacities to effectively promote and regulate the mineral resource sector in order to reverse the trend of reduced private-sector mineral exploration since the 1995. It aims at improving geo-scientific data acquisition, conservation, processing and dissemination, enhancing small-scale miner's capacity and to improve mining environment monitoring and protection.
- The biggest funding of the € 50 sysmin / MSSP programme goes to the construction of the Mining Haus and Small Scale Mining Training Centers (€ 10.1 million), Airborne Geophysical Survey of the PNG Highlands and Papuan Peninsula (€ 16.1 million), Geological Mapping and Mineral Potential Assessment of the PNG Highlands (€ 13.8 million).³⁸
- Project A – Waste Management Policy: This project is to assist Department of Environment and Conservation (DEC) with the participation of all stakeholders, to prepare a water quality management policy and mining waste management guidelines, and to provide investors with precise information about policy and regulations applicable to mining waste disposal. The status of implementation of this project is that, a second tender was launched on 28th August 2008, but resulted in only one expression of interest being received. The evaluation committee recommended for re-tendering in 2009.
- Project B – Deep Sea Mining Tailings Placement (DSTP): The project is to perform an independent assessment of the Misima and Lihir Deep Sea Tailings Policy (DSTP), by means of an analysis of existing data and by sea-borne investigations. The resulting evaluation will serve as a basis to amend existing regulation and train DEC staff in monitoring activities. Two cruises were undertaken in 2007 and 2008. 75% of the samples have been analysed to date. An international conference on DSTP was held in Madang in November 2008. The final guidelines for deep sea mining tailings will be become available in 2009. This is the progress of the project thus far.
- Project C: Mining Haus: The purpose of the project is to provide adequate physical infrastructure for the regulation and promotion of the sector, building appropriate premises, named "Mining Haus" with an appropriate computer network and a proper data archive available for easy consultation by the administration and by investors. The project has been completed and MRA took possession of the building on 1st June 2007.
- Project D: Small Scale Mining: The proposed project will build three vocational training centres (VTC), in a phased manner, at Wau, Wewak, and Pogera and a separate Women's Development Training Centre at Porgera, and train local mining engineers in safer and more efficient mining practices. The later will then train locally available materials for the safe use of mercury. The Wau Training Center has been completed. The curriculum has been developed in 2008 and will commence training in January in 2009. Considering the likely high maintenance costs they would generate, the Mineral Resources Authority Board decided not to build the training centres of Paim, Pogera and Wewak but to consider using a mobile unit instead. Decision was not taken regarding reallocation of the corresponding funds and the organisation and capacity building for the three centres.
- Project E – Airborne Geophysical Survey: The project will be concentrated in Western and Eastern Highlands Provinces and is focused to acquire and process 1:100, 000 scale radiometric and spectrometric geophysical data. Data collection has been completed during the 2006 – 2008 flying seasons. In August 2008, the Magnetic data of area 1 has been released whilst others will be released in 2009.
- Project F – Geological Mapping and Mineral Potential of the PNG Highlands: The project is focused on Western and Eastern Highlands Provinces and is focused to produce new maps and data sets combining geophysical, geological and

³⁸ The MSSP programme has 10 components/ projects. It is the biggest EU funded programme in PNG. It started in April 2004 and will end in 2011. It is supervised by the Mineral Resources Authority.

mineral reconnaissance data. Three out of five field seasons have been completed. The project is behind schedule and foreseen to achieve around 60% of the targeted results, the main reasons being the continuous departure of the key international experts, death of a senior geologist, law and order situation, etc. The national counterpart staff is also unable to be retained given the mineral boom in PNG and abroad. Up to 25 maps required producing but only 15 maps would be produced and the whole budget would be spent. Hence, there are major disagreements between the Geophysical Survey Department of MRA and the Project Management Team.

- Project G – Hardware Procurement: The project purpose is to instil a computer network. The commissioning of the IT hardware was done in December 2008.
- Project I – Marketing and Investment Promotion: The project is to produce brochures and CD-ROM to define promotional strategy, to make functional the DoM website, to organise and international end of programme symposium. The promotional website has been installed on the Mining Haus server: www.mra.gov.pg. During 2008, three international mining conferences were attended.
- Project J – TA to the MSSP-PMU: The PMU will be supported for the whole duration of the Sysmin Programme with permanent Technical Assistance (TA) and material Support financed by the Programme's funds. Additionally, short term experts will provide formal training sessions to DoM and/or DEC staff. Each of the projects includes a component of on the job training, with additional formal training to be provided within the framework of some of the projects and by the TA to the PMU. TA services commenced from 2004 – 2008. The TA contract extension was intended to take place in October 2008 after the mid term evaluation. The TOR for the position has been redrafted to evolve from permanent direct management towards a more advisory role on a short-term basis, putting more emphasis on building capacity of the national staff to manage and sustain the programme. The recruitment will be done in autumn 2009.
- Hence, a detailed terms of reference for the mid term evaluation was prepared for the framework contract to be launched in March 2008 and to be fielded around August 2008 to allow the best field season. Unfortunately, disputes between the NAO and the EC Delegation regarding the legitimacy of elements of the draft and appropriateness of the number of experts involved have delayed the launch, which might take place in May 2009.³⁹
- With the Technical Assistant for the PMU gone, there is clear capacity issue in terms of coordinating the whole programme, as well as providing advice on EDF Rules and Procedures. There are currently discussions between the EC Delegation and the NAO Support Unit to re-engage the services of the previous service provider, in light of the capacity problems and the need to have a TA on the ground to facilitate the Mid-Term Review which has been outstanding for a while.
- **Conclusion:** Considering the various stages of achievements of programme elements and new developments in the mining sector to-date, the Mid-Term Evaluation is important, and possible adjustments might be necessary to remain focused on the programme's relevance, efficiency, effectiveness, impact and to remain sustainable. Hence, the framework contract for the mid-term evaluation should be launched. In this regard, the recruitment of a new long term technical assistant for coordination of the programme, as requested in the Financing Agreement and by the Project Steering Committee in November 2008, with transfer of capacities to the national counterpart should be contracted as soon as possible.

3.2.2 Focal Sectors - EDF 9 Projects/Programmes

3.2.2.1 Rural Water Supply & Sanitation Project Phase 1

- The project was managed under a private indirect decentralised operation by a TA service provider. The TA requested some specific articles about the financial guarantees for advance payments to be inserted in the TOR of the Service Contract. These were however not foreseen, resulting in disagreements about financial guarantees for the advance payments for small grant contracts. Important financial consequences still remain unsolved at the end of 2008. These initial errors are addressed for the 2nd phase.
- To facilitate the smooth implementation of the water supply and sanitation schemes through smaller NSAs, the Contracting Authority, in good faith, had given full confidence to the Service Provider by taking the financial responsibility of the corresponding grants PE. In the agreement, the project team was responsible for capacity building; selecting the proposals from NSAs; and for monitoring and financial reporting. This allowed, moreover, the 6 big grants funded through specific commitments to fund 27 smaller schemes, corresponding to 54% of the commitments of the project.

³⁹ EC Delegation proposed 5 experts for the evaluation whilst NAO proposed 9 experts for the 10 components.

- It has been a first experience of implementation of projects through NSAs. In addition, the € 3.5 million contract award to NSAs was high for a short implementation period of just 2 years. To facilitate quick commitment, the project was allowed to go from direct award of grants to calls for proposals without a proper selection process. Towards the end of 2007, the financing agreement was extended for another 8 months. Requests for extension of all the bigger grants and some small grants have been granted but with some delays both at the NAO and the EC side. The extensions were seen necessary to allow for smooth project implementation.
- At closure of the programme only two financial reports out of the 33 grant contracts were ready for submission. The Service Provider at his own cost re-engaged the accountant and finalized the outstanding reports. The NAOSU maintained the other personnel for two months through the PE of the TCF. Given the still outstanding money in the hands of the NSAs, the NAO delayed the signature of the second phase which its contract was won by the same consortium. The financial report of the last PE was finally submitted in mid November 2008. At the end of December 2008, the financing reports of four big grants (above 100 000 €) were still not submitted and for two small grants the unspent advances were not returned.
- In parallel, the study component of phase 1 was used to engage the services of the Geophysical Survey Section of the MRA to test ground water investigation in Kainantu District for the District Towns Water Supply Project to be supervised by the PNG Water Board. It was organised during the months of July and August 2008. The ground water study was funded by the RWSSP Phase 1 as funding foreseen for studies was not committed. The TCF funding meant for such support was closed at the time of the District Towns Water Supply Project was finalised.
- In March 2008, a specific TOR for the end of term evaluation was prepared to allow the findings of the review to be used as experiences for phase 2 and for the preparation of the new service contract. However, the launching of the tender was delayed until August 2008, leaving less than one month of project implementation period. The evaluators arrived at the end of August 2008 when the project team had ended their contract. Unfortunately, the evaluation report was not conforming to the TOR of the mission. Comments were provided requesting the consultants to redraft the report but no corrected version was submitted at the end of 2008
- **Conclusions:** Despite the above, the results expected were generally achieved. Rural communities who receive limited assistance externally have seen tangible development in their area. Capacities of local NSAs have been strengthened. The churches delivered the schemes to their church members and they guarantee sustainability. Through this project some of the communities reorganised themselves. The *healthy island concept* further enhanced the schemes. It is evident that through this project communities have reduced the number of patients and deaths related to water borne diseases.

3.2.2.2 Rural Water Supply & Sanitation Project Phase 2

- The financing agreement was signed on 4th March 2008. The main differences of this financing agreement against the first phase are: the funding allocation has doubled but allowed for a similar implementation period; the sustainability of the investments is clearly outlined; the removal of imprecise terms which might have allowed different interpretations; and request of strict application of the 9th EDF procedures for grants.
- The tender for the technical assistance was launched in April 2008. The same consortium which managed the first phase won the tender. The signing of the service contract was suspended until November 2008 as the team had not achieved their financial project reports of phase 1 (moreover most of the financial reports of the NSA projects were not submitted).
- The second phase is more than triple the amount of the first phase, however, the period of implementation is inadequate to commit and implement a significant portion of the funds. The project management team has been advised to find alternative implementation strategies to effectively and efficiently deliver the project. One possible option is to utilise intermediary organisations that have the sufficient capacity to implement the grants in a more efficient manner.
- The EC Delegation was requested in August 2008 to ask the EC Head-Quarters for a two-year extension rider, without which correct project planning and implementation is not possible. The NAO-SU requested an in depth review of the implementation strategy to avoid similar problems than for the first phase. The organisation, monitoring and follow-up should seriously be different and more efficient and the extension should be granted at the beginning of the implementation period to avoid rushing in the last minute when situations get out of hand.
- Finally, a point to note that has been raised also by other projects dealing with grants awarded to NSAs for the implementation of the project is the financial responsibility in case the grants are misused or NSAs are not able to follow the EC procedures because of lack of capacity and knowledge. The NAO believes this risk cannot be taken on board by the

contracting authority. Under the direct decentralised management the Contracting Authority has financial responsibility over small grants whilst the EC is responsible for bigger grants. In the case of RWSSP, the project is managed through the private decentralised management (service provider), hence, the Contracting Authority has no direct control over the project. Therefore, the Contracting Authority should ensure the service provider should take full responsibility over the grants and ensure reputable and well organised NSAs are selected. Through the Partnership Policy Framework established in October 2008 between the Government and the Non-Government Organisations / NSAs, the Contracting Authority should ensure coordination of the project by relevant partners (Department of Health and Community Development, etc.) through this framework. Through this policy, the Government should make funding available for any risk of recovery orders from the EC.

- **Conclusions:** The second phase is more than triple the amount of the first phase and the period of implementation is inadequate to commit and implement a significant portion of the funds. The project management team should find alternative implementation strategies to effectively and efficiently deliver the project. It is recommended that the Government should request for extension of the implementation period to avoid rushing in the last minute.

3.2.2.3 District Towns Water Supply & Sanitation Project

- This project is funded with the uncommitted funds from the 7 and 8 EDF projects and will provide water supply and sanitation in three district towns⁴⁰. The financing agreement was signed in October 2007. There were issues during the preparatory stages of the project. Nevertheless, the need for water supply in district towns is real and investments are needed but technical implementation, management and sustainability of project has to be ensured.
- In collaboration with the PNG Water Board (supervising authority), the NAO-SU redrafted the start up PE and prepared TOR for the technical assistance. Only three expression of interest were received, the NAO-SU requested and received a derogation for the rule of at least 4. When tendered only one submitted but was evaluated after agreement of the EC-Delegation.. The TA will be mobilised in early 2009.
- A contract was awarded to the MRA's Geophysical Survey Section⁴¹ under the RWSSP Phase 1 for ground water investigation in one of the district towns (Kainantu). The study indicates that no sufficient flow of ground water was found in tests of boreholes drilled. It proposes for other test boreholes to be drilled in other locations.
- **Conclusion:** The PNG Water Board should effectively build the project into their structure and use their available expertise to manage the project with the assistance of the TA for his advisory role only.

3.2.2.4 9th EDF Education project ETHRDP

- At the end of November 2007, the TA team prepared the first PE after more than 1 year of starting.⁴² Their initial drafts were not conformed with EC procedures nor with the financing agreement and were rejected by the NAO and the EC Delegation. They intended to fund many workshops that included high amounts in per diems and flights; the expected results were not clearly stated, no procurement plans, personnel was foreseen in excess and proposed pay levels were above the authorised levels. Without any valid reference with EDF procedures, it foresaw grant funding directly to beneficiaries (line agencies).
- After correcting the PEs and to avoid further delays in implementation, the PE was endorsed and signed in January 2008 with exception for the budget lines which were not acceptable. At the end of July 2008, a rider amending the PE was finally approved. At the end of November 2008 (24 months after starting), the project has disbursed more than € 1.8 million in Technical Assistance alone and none for direct project investment. At the end of September 2008, the K 5.5 million PE had spent only K 30,000. The other specific commitments were not submitted to-date.
- Also it is becoming very worrying that the end of the commitment period is foreseen at the end of 2009 and no specific commitments were implemented to-date. It is time that a drastic decision has to be taken to enable at least the implementation of main components to happen: tendering for supply and for distribution of text books; and construction of additional dormitories and classrooms in teachers colleges and consequent awarding of scholarships. The Finance &

⁴⁰ District towns: Kaninantu, Maprik, and Bulolo/Wau.

⁴¹ The Geophysical Survey Department of the Mineral Resources Authority is the only institution in PNG dealing with this kind of studies.

⁴² During that year a lasting ping-pong game with PE proposals alternated with discussion meetings, trainings on drafting of budget and procurement plans etc between the NAO-SU, the ETHRDP team and the EC Delegation.

Procurement expert resigned from the project in mid 2008. The Service Provider took very long time to submit the CV's for replacement and even for new experts foreseen in their contract. Late 2008, the technical expert for the informal education sector based at the Department of Community Development resigned. The obvious reason being that the TA was unable to deliver his component, only a few workshops being organised or attended for awareness only without feasible delivery of the results.

- The Contracting Authority stressed several times to change the Service Provider however at the same time has failed to substantiate the requests to the EC Delegation and the instructions to the Service Provider.
- **Conclusion:** Nearly zero results have been achieved to-date. The mid-term evaluation was undertaken early 2009 and programme being re-oriented. Taking into account the time factor, and the long tender process that would be involved in engaging a new service provider, decision has been made to retain the same service provider, while personnel provided by the service provide have changed. The progress of the programme from here will be captured in the 2009 JAR. [NB: commitments end by December 2009 and implementation closure by 2010.]

3.2.3 Non Focal Sectors - EDF 9 Projects/Programmes

3.2.3.1 Technical Cooperation Facility (TCF)

- Before the end of the implementation period in August 2007, the balance of the funding was committed PE which could mainly be utilized for preparing of new projects and support to existing projects. In September 2008, a rider was introduced to cater for the following additional items: support to the closure of the RWSSP Phase 1 project after ending of the implementation period; support to NSA projects in the frame of Human Rights – ICRAF⁴³; support to the Public Expenditure Financial Accountability (PEFA) assessment; and support to the NAO Support Unit to find office for the months of November and December 2008. Except the later, all the projects were implemented and finalized. In November 2008, the NAO-SU identified and secured an office space to address its space capacity challenges but the Department of National Planning and Monitoring did not endorse the intention. Hence, the budget introduced under the rider was not utilised. The reason for not allowing the Unit to move out of Vulpindi Haus is that the management wanted all its functions to be within the premises and as well the cost of rental for the proposed office was too high.. This problem has now been resolved by the Department of National Planning & Monitoring where by an appropriate office space was identified at the ground Floor of NDB Building. The cost of office re-location and rentals are borne by the department. All necessary infrastructure for the operations of the NAOSU are provided by GoPNG as per the conditions of the Financing Agreement.

3.2.3.2 NAO Support Programme III

- The mid-term evaluation of the NAO system was carried out from May to June 2008 to make available the conclusions and recommendations before the preparation of the next support programme to the NAO under the 10th EDF. The draft evaluation report was considered by most stakeholders⁴⁴ as insufficient in relation to the terms of references. Consequently, the report was rejected and made partial payment to the contractor, covering the reimbursable costs and 30% of the fees.
- After the departure of the senior monitoring officer in mid 2007, the position was advertised and recruited an officer internally. She also left for studies in the US and the second candidate, who is a senior officer also within the Department of National Planning & Monitoring was recruited.
- After the appointment of the new Secretary to the Department of National Planning & Monitoring in early 2008, Mr. Paul Enny was appointed acting Director for Aid Policy & Coordination Directorate in June 2008 replacing Mr. Mosilayola Kwayaila, who is also the DNAO. Also new TA for the Finance & Contracts Section arrived in early 2008 but later resigned due to personnel reasons. A replacement TA had been identified and is now on board. The Head of Finance & Contracts resigned and left in mid June 2008. His replacement has been difficult given the speciality of the position and also the

⁴³ Individual & Community Rights Advocacy Forum (ICRAF) – A Human Rights Conference was held in mid 2008 where ICRAF has synergized human rights stakeholders including Government. In order for ICRAF to carry out more work on human rights, the EU funded K32,642.00 (80% of total cost) on 10th November 2008. The grant was used to carry out 7 important human rights activities – a workshop on the death penalty, commemorate important human rights days, and discussed the issue of the establishment of the *Independent Human Rights Commission* in PNG.

⁴⁴ The EC Delegation Ops 2, the NAO-SU and most other projects.

remuneration which does not attract qualified expertise. The two officers brought over from the RWSSP have been extended to remain with the Unit however both have left. One more position for administrative support has been recruited.

- The NAO SU identified suitable office space but lack of decision by the Department has caused unnecessary delays in effective execution of duties especially in the financial and technical control and monitoring of projects. Most of the 9th EDF projects have started and new 10th EDF projects will come on board in 2009, but the capacity to control and monitor the projects by the NAOSU will not be minimized given the government's commitment to allocate a new office space⁴⁵.
- Despite the above mentioned challenges, a significant level of backlog of unclosed commitments has been reduced from over 200 to about 20 at the reporting period. This is a commendable effort on the part of the NAOSU with able assistance from the EC-Delegation.
- **Conclusion:** Capacity for the NAOSU especially the monitoring officers needed to be enhanced with specific training of results based monitoring. Further implementation of training sessions in Contractual and Financial Procedures is of paramount importance, both for the NAO SU and the line agencies implementing the projects.

3.2.3.3 GRA - Medium Term Restoration Programme

- This programme has not got the same attention as the others since the NAOSU started strengthening good practices in procedures and monitoring of project implementation. Due to little attention to the programme, there were oversights noted only when the extension request was made for the PE 3 in July 2008. It was noted that the project was implemented 10 months after the end of the operational implementation period of 31st December 2007. A joint mission by the EC Delegation and NAOSU was executed and the problems were identified. Having operated outside the closure date, it allowed to spend the funding of K5.7 million of which the infrastructure development of the Kopoko Market for K5.4 million.
- Funding to the Rabaul District may not be encouraged in the near future as the dusts from the volcanic activities continue to pollute the air everyday which is unhealthy for human beings. People have been resettled but continue to come back to the affected area which is a cause of concern for authorities and development partners.

3.2.3.4 Support to Non State Actors Programme

- The Support to Non State Actors programme benefited from a start-up facilitation mission which held meetings with all stakeholders and prepared project documentation and signature of a MoU between relevant key public authorities to be signed before awarding of the TA contract. Also the start-up programme estimate was signed and is now operational.
- Nevertheless, given the extremely poor capacities of the implementing department both in terms of financial and human resources, this project only started to be effectively implemented only the arrival of the international TA in Sept. 2008 (the Financing Agreement was signed in October 2007 and the service contract awarded in March 2008). There was a long delay caused by the need to replace the selected TA because of last-minute unavailability and difficulties to find a suitable replacement. Although it is too early to assess the achievements, it is believed that the project is in full track. Since then, the PIU within the implementing Department was fully organised. Under the lead and in collaboration with the District Strengthening programme regional workshops and awareness campaigns were carried out, and all needed documents for the Calls for Proposal were finalised.
- Key challenges which need to be addressed are: (1) the 'incompatibility' between the project's objective to strengthen the capacities of NSA – particularly community based organisations – and the requirements of EC procedures in the field of Calls for Proposals (application forms, legal registration of community based organisations, financial and management capacities of applicants required as a pre-condition for applying for funds, etc.); (2) the ambition of the project and the insufficient funds made available, particularly given the need to strengthen the training and monitoring capacities of the stakeholders; (3) the d+3 rule which, given the late arrival of the TA, makes it difficult to finalise the implementation of all activities; (4) the final responsibility left with the government in case of misuse of funds, lack of respect of procedures or not

⁴⁵ Note of June 2009: Office Space is no longer an issue because the government through the departments has now identified a reasonable and affordable office space at the National Development Bank Building. Rental cost are taken care of by the GoPNG, and an MOA has been signed with the NDB Building Management. The cost of office rentals is reasonable. All staffs are well accommodated with each officer having their own workstations, and vacant positions especially at the Monitoring Sections have all been filled up by GoPNG Officers seconded by DNPM. Capacity issue at this juncture has been minimized.

returning of unspent funds. This issue certainly has to find a solution before a similar programme can be agreed for in the 10th EDF programme.

- It is nevertheless be stated that the project and the role of the EC Delegation started to play in 2008 in terms of dialogue with the civil society and with other donors involved in this area are raising high expectations from the civil society in the country. The consolidation of such a dialogue and the means made available by the project to support the dialogue shall be consolidated throughout 2009. This will require more funds to be made available to the ongoing project from the 10th EDF envelope. The request will be submitted in 2009.

3.2.3.5 Support to Districts & Local Level Government Programme

- The Financing Agreement was signed in October 2007 to support districts and local level governments to strengthen their performance within district administrations. A MOU was signed between the departments, the NAO and the EC Delegation defining the roles and responsibilities of each party. Another MOU was signed on August 2008 between the Department of Provincial and Lower Level Governments, the implementing agency and all the other stakeholders
- Soon after, the tender for long term TA was launched in January 2008. The contract for technical assistance was signed at the end of September 2008, unfortunately, for unforeseen family issues, the selected expert could not report as foreseen in the bid and is foreseen to report beginning 2009.
- It has to be noted that this programme is successfully integrated in the department and that despite late reporting of the TA, delays are mitigated by the support provided by the NAO SU. Given the full ownership by the implementing department and the high priority given by the Government to districts' strengthening.
- The modalities for the calls for proposal have been prepared and consulted with the district administrations during the 4 regional workshops during the month of December 2008. All the District Administrators, District Treasurers, Member of Parliaments representing districts, 2 NSA per district and the provincial responsible for Districts and NSA had been invited. The attendance was maximal. It is likely that the proposals will dramatically increase in quality, the main strength of the project being to fund the best proposals of the country.
- Implementation of this project is progressing well and satisfactory, and considered one of the best 9th EDF projects in so far as implementation is concern.
- Conclusion: As the implementing agency and the beneficiaries have no prior EDF experience, the support of the TA especially is urgently required. The NAOSU should continue to assist in accounting and procedural issues.

3.2.3.6 Trade Related Assistance Programme

- The project has delivered very few results so far. Despite the personal commitment of the Minister himself, staff made available for the project was promoted to other functions. The impossibility so far to find either a long or short term TA is an additional cause of the project's failure to deliver so far against expectations.
- With regard to the international TA, it proved extremely difficult to find a suitable expert in the field willing to come to PNG. The original contract following the tender was signed at the end of July 2008 but had to be cancelled because of refusal of the expert originally selected. In October, it became clear that the expert proposed would not be available and the company was requested to provide 3 CV's with equivalent experience as earliest as possible. At interview stage, none of the candidates seemed to have the requested experience. Afterwards, the company provided two additional CV's but the candidates were not available any more when the phone interview was requested. Therefore, the contract was ended and it has been decided that the technical assistance will be re-tendered but efforts to find a short-term expert under framework contract have also proved to be fruitless. This situation has now been rectified with a Short Term TA. The STTA was recruited under a framework contract for duration of 6 months. The TA has helped very much with re-establishing the project, and also with the return of the Director General of the Trade Division within the Department of Foreign Affairs & Trade, and with capacity being built, the project implementation is expected to run smoothly. Regular consultations are being established between NAOSU, EC-Delegation and the project. Progress thus far has seen, a first ever National Workshop on Trade Related Assistance Workshop being convened, with the Start Up Programme Estimate funds. The Operational Programme Estimate is expected to complete and will be signed by appropriate authorities in the not distant future. The Minister for Foreign Affairs has shown sense of ownership to the Project when he chaired part of the workshop proceeding and provide leadership and direction as to the way Trade Policy should be formulated.

- Conclusion: It is recommended close consultation between NAOSU, EC-Delegation and the project should be enhanced. Training on EDF process and procedures for project staff is necessary and should be done as soon as possible to improve and enhance the capacity of the project team.

3.3 OTHER COOPERATION

- **9th and 10th EDF Regional Strategy Paper and Regional Indicative Programme** - In regard to PNG's benefit from the RSP/RIP, special consideration should be given to PNG as it constitutes more than 60% of the region's population, has the region's biggest rain forest and natural resources and is a major trading partner with Australia, New Zealand and European Union member countries. Until the 9th EDF NAO-Support programme, the regional planning was not integrated in the activities and only a national coordination was carried out. Also over the years, the Regional Authorizing Officer has insufficiently coordinated member countries to participate in the whole process. An effective mechanism of coordination/involvement shall be put in place between the Forum Secretariat and the national Governments.

There is generally little awareness of the impact on PNG of any of the regional interventions under the 9th EDF. As to the 10th EDF, only regional organizations especially SPC, ILO, and SOPAC have submitted concept notes to address regional issues. The evaluation was conducted in Fiji with the participation of the PNG High Commission in that country, but feedback was not provided to the NAO.

There has been a lack of coordination between the Regional Authorising Officer and the National Authorising Officer. The RAO deals with the possible proponents directly without any consultations with the NAO and the department responsible for aid management. Discussions may be held between the PNG Foreign Mission in Fiji but the Mission in turn lacks consultation with the office responsible for the EU programme in PNG, which is the NAO / NAOSU. At the NAO/NAOSU side, it has no technical officer directly responsible for the coordination of regional programmes and dissemination of information to key stakeholders within the country.

- **Intra-ACP facilities** – The NAO was made aware of the existence of two ongoing interventions in PNG by the EC Delegation, namely under the TradeCom facility and the facilities in place for fisheries (strengthening fishery products health conditions in ACP/OCT countries). Under TradeCom, an international Technical Assistant assisted successfully throughout 2008 the 'Import and Export impediments working group' (grouping stakeholders from the private and public sector) to perform its consultations and carry out its activities. Under the second facility, two international Technical Assistants came into the country on several occasions to upgrade the capacity of the existing laboratories to perform tests needed to meet the SPS requirements in the exporting countries.
- **Thematic Budget Lines** – In 2008 the EC Delegation launched the in-country restricted Call for Proposal under the thematic budget line 'Non State Actors in development'. Both the NAO Support Unit and the Department for Community Development were fully involved in the definition of the objective of the Call for 2008, and decided for the theme 'empowerment of women and youth', which was discussed also with the civil society in three separate workshops. The Department for Community Development was requested to provide an assessor for the evaluation. Out of the 28 concept notes selected, 11 submitted a full application form, and 7 were selected for award of a contract. Out of these applicants, 1 resulted at a later stage not to meet any longer the eligibility criteria and 1 provided false information. Five contracts were awarded, out of which the legality of 1 is to be confirmed pending a challenge before the Court (the applicant is considered by 2/3 of the members of the organization not to represent the organization).
- **FLEX** – Given the high commodity prices boom of 2008, PNG was not eligible under this facility.
- **9th EDF B Envelop** - In 2008, the EC - through a multi-country regional initiative financed under the B-Envelop of the 9th EDF of each Pacific State, has entrusted to SOPAC⁴⁶ the implementation of a disaster and emergency monitoring project in PNG. The project has the following components:
 - i. **ICT Equipment and Flood Monitoring Equipment** for the Water Resources Management Branch of the Department of Environment & Conservation – the tender specifications will be finalised in February 2009;
 - ii. **Earthquake Monitoring Network and Equipment** for the Port Moresby Geophysical Observatory (PNGGO) – an expert to assess the needs and draft specifications for the equipment and tender will be engaged in early 2009;

⁴⁶ SOPAC: A regional organization that specializes in managing disaster and emergency programs and projects. It is currently based in Fiji.

weather monitoring equipment to be installed at the PNG Meteorological Services, an expert has been identified in late 2008 to assess the needs and prepare tender specifications; and

- iii. **Communication Equipment for Early Warning System** linking WRMB, PNGGO, Met Services and other key partners as well as improving communications between the National Disaster Management Centre and their respective Centres in the Provinces - this component will be delayed until the other equipments are installed as they may form part of the network.
- **European Investment Bank** - There were earlier discussions by the PNG Government and the European Investment Bank on the possibility of equity funding in the PNG Gas Pipeline Project but the project has been abandoned. However, commercialization of the gas project (LNG) now remains the important agenda for PNG. The Independent Public Business Corporation who is the state nominee to make decisions in the equity financing of the LNG project should hopefully consider renegotiations with the EIB for equity financing for the Government. The recent recipients of the EIB's funding are PNG Micro-Finance and the PNG Sustainable Development Programme Ltd.
- **Conclusion:** It is recommended that the NAOSU recruits a technical officer/s to solely responsible for the regional EDF programmes and other EU programmes/projects in PNG. The current staffing at NAOSU is already adequate and one staff should be appointed within the Unit to coordinate and monitor the EU programme in PNG.

3.4 POLICY COHERENCE FOR DEVELOPMENT (PCD)

- At this stage, the NAO cannot identify with precision examples other than those already identified in the 2007 Joint Annual Report (particularly in the trade and climate change areas) whereby EU policies or specific measures in various policy areas can be supportive of development efforts in the country. The situation will change once the Long Term Development Strategy will be in place.
- **Long Term Development Strategy** – The Government in its 2009 National Budget laid the foundation that will guide policy driven budget formulation in the future in pursuing PNG's Long Term Development Strategy (LTDS) 2010-2030. The plan will be finalized in 2009 and will come into effect in 2010. The 20-year LTDS will be implemented through four 5-Year Rolling Medium Term Development Plans and will be used as a tool for mobilizing resources and guiding decisions on resource allocations, including providing the entry points for Government to engage with Development Partners in leveraging donor funds and technical assistance to complement Government efforts.
- Furthermore, in August 2008 the PNG-Australia Partnership for Development was signed by the Prime Ministers of PNG and Australia in Niue. This Partnership committed PNG and Australia to work together to jointly improve indicators in five agreed priority areas: Health, Basic Education, Transport Infrastructure, Public Sector Capacity and Development Statistics. Specific schedules for these priority areas are currently being drafted. These agreements should allow Government and its major development partner to work together more effectively towards common goals. Further work will be undertaken in 2009 to ensure that aid effectiveness is improved and that development partners allocate their expenditure towards the Government's priorities. Issues that must be tackled include the avoidance of arbitrary funding arrangements and ensuring recurrent funding implications are considered when development partners fund capital expenditure projects.
- Building on the approach taken in the 2007 and the 2008 Budgets, the Government will continue to pursue its Expenditure Sequencing and Matching Funds Strategy to translate the MTDS into an efficient set of expenditure choices. These two Strategies are applied to Government's expenditure decisions through the Medium Term Resource Framework (MTRF). The MTRF is the expenditure-planning tool that enables Government to direct future donor and Government expenditure to fill existing funding gaps. The MTRF will be used to generate indicative sector ceilings to guide Government's development expenditure over the seven expenditure priority areas. The Government is currently identifying high impact projects to be funded from the Development Budget. There is likely to be an increased focus on infrastructure, education, and health in the Government's policy.

3.5 DIALOGUE IN COUNTRY WITH THE NATIONAL PARLIAMENT, LOCAL AUTHORITIES AND NSAs

- After bottom up discussions with key government agencies and non-state-actors, the Parliament is then briefed on development aid at programming stage through the National Executive Council and a motion to Parliament by the Minister

responsible for planning and development assistance matters, the Minister for Planning and District Development (who is the NAO). The recent Ministerial Committee on PNG Commitment on Aid Effectiveness (PNGCAE, see following chapter) will be used for programming dialogue as well, but involvement of other Members of Parliament including the opposition members is not featured in this arrangement. The recent MoU signed between the Government and the Churches will be another medium for dialogue with the NSAs. The Consultative Implementation and Monitoring Council (CIMC) is still active in discussions between the Government, the private sector and civil society. The NSA project funded by the EU will be an opportunity to further enhance the dialogue process between the Government and the NSAs with regards to development agenda of the country. Some NSAs have already discussed issues on health and assisted deliver the Rural Water Project.

3.6 AID EFFECTIVENESS

3.6.1 Localized Version of the Paris Declaration on Aid Effectiveness

- **Localized version of the Paris Declaration on Aid Effectiveness** – In February 2008, a Kavieng Declaration on Aid Effectiveness was signed between the Development Partners including the EU and the Government of Papua New Guinea committing all key partners. However, it was further renamed “**PNG Commitment on Aid Effectiveness**” (PNGCAE) and re-signed in Port Moresby on 2nd July 2008. The work on localizing the Paris Declaration is now complete.

The PNGCAE is basically a jointly agreed commitment between the Development Partners and the Government of PNG to take specific and monitorable action plan covering the time horizon of 2009-2012 intended to make foreign aid to PNG more effective, hence, translating into reducing poverty and inequality, increasing growth, and building institutional and human resource capacities in the spirit of mutual partnership towards achieving the Government’s MTDS priorities and the Millennium Development Goals (MDGs).

The principles contained therein include (1) GoPNG Ownership; (2) Alignment of development partners’ programs and strategies to PNG’s priorities; (3) Harmonisation of development partners’ strategies; (4) the requirement that development partners use Government systems and processes; and (5) Managing for development results and Mutual Accountability. The Commitment contains specific targets and indicators that must be met by 2012 for each of the above principles. For example these targets specify that by 2012, 85% of development assistance grants must be allocated to the MTDS and other national and sectoral plans and that at least 50% of aid flows must be channelled through GoPNG’s financial management systems.

The implementation of the five (5) shared principles of the PNGCAE is guided by specific time-bound monitorable targets. These will be implemented through a yearly agreed joint Action Plan which specifically identifies the key tasks, the implementation deadline and the responsible agency making it very easy for monitoring and reporting purposes.

- **Way forward in Effective Implementation of the PNGCAE** - In order to effectively implement the PNGCAE, the Department of National Planning & Monitoring has submitted a Policy Paper to the National Executive Council (NEC) on 7th of July 2008 to direct the agencies concerned to start implementing it, in particular, the Action Plan which needs to be implemented until 2012. Hence, the NEC has approved the recommendations of the submission as follows:
 - **Ministerial Committee on Aid Effectiveness (MCAE)** established and Chaired by the Minister for National Planning & District Development with membership from Ministers of Key Government Agencies and Heads of Donor Agencies; (MCAE) will have annual meetings at the end of November every year soon after the national budget is presented in Parliament. These annual meetings will replace the current Annual Donor Consultation Forums.
 - **Technical Consultative Committee on Aid Effectiveness (TCCA)** established and Chaired by the Secretary for the Department of National Planning & Monitoring with membership from Key Government Agencies and Senior Representatives from development partners. The TCCA will meet on a quarterly basis. This will be the committee responsible for ensuring that the Annual Action Plans on the PNGCAE are fully implement each year. The TCCA will advise the MCAE to endorse the Annual Action Plans for implementation in each succeeding year.
 - **Inter-Agency Consultative Committee on Aid Effectiveness (IACCA)** established and chaired by the Secretary of the Department of National Planning & Monitoring with membership from Key Government Agencies. The IACCA will be meeting on a quarterly basis but a week prior to the TCCA meetings. The recommendation of the IACCA will form the basis of the TCCA meeting agenda.

The NEC also directed the Department of National Planning & Monitoring to take lead in formulating the Government’s **Aid Coordination Strategy 2010-2015**. The process has been formally endorsed by the Government through the MCAE. The

process has been initiated in the second half of 2008 and to be completed by mid 2009 for endorsement by NEC in the 3rd quarter of 2009. The Aid Coordination Strategy will clearly articulate the rules and roles of donor-related engagement and act as an impetus for agencies to effectively perform their mandated roles and responsibilities.

Also as part of the implementation process, the NEC has directed the Department of National Planning & Monitoring to urgently finalize the **National Planning Act** so that it can be presented in Parliament as a Bill. The Act will further give legal effect to the existence of the three committees in Government with the express view of making aid delivery and management in the country more transparent and effective.



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ANNEX 1

COUNTRY AT A GLANCE



A. A

ANNEX 1.A

KEY MACRO-ECONOMIC INDICATORS



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COUNTRY AT A GLANCE

TABLE OF MACRO ECONOMIC INDICATORS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Basic Data											
1	Population (in 1000)	5,753.1	5,908.4	6,068.0	6,231.8	6,400.1	6,572.9	6,750.3	6,932.6	7,119.8	7,312.0
	- annual change in %	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
2(a)	Nominal GDP (in millions PNG Kina)	12,652.1	15,194.8	17,132.2	18,715.6	21,554.4	21,161.2	22,358.5	23,809.6	25,060.1	26,321.1
2(b)	Nominal GDP per capita (PNG Kina)	2.1	2.6	2.8	3.0	3.4	3.2	3.3	3.4	3.5	3.6
2(c)	Annual Change in %	-	20	10	6	12	4	3	4	2	2
3	Real GDP (annual change in %)	2.7	3.6	2.6	6.5	7.2	6.2	5.2	3.7	3.1	2.4
4	Gross fixed capital formation (in % of GDP)										
International Transactions											
5	Exports of goods and services (in % of GDP)	7.7	18.1	18.2	9.4	14.4	-7.3	-9.4	-3.6	-3.5	-3.9
	- of which the most important: Agriculture, Forestry, Fisheries... (in % of GDP)	13.2	11.5	10.1	12.4	13.1	12.9	12.2	12.3	11.7	11.1
	- of which the most important: Minerals... (in % of GDP)	49.1	53.6	62.3	66.1	59.1	36.2	31.7	29.5	27.2	24.5
6	Trade balance (in % of GDP)	27.9	35.8	38.9	32.6	34.7	10.8	8.0	12.8	12.2	11.2
7	Current account balance (in % of GDP)	3.1	12.4	7.3	2.0	8.7	-7.5	-9.5	-3.9	-3.7	-4.0
8	Net in flows of foreign direct investment (in % of GDP)	- 3.2	- 12.4	- 7.2	- 2.2	- 8.7	- 7.5	- 9.5	- 3.9	- 3.7	- 4.0
9	External debt (in % of GDP)	34.9	25.4	21.2	16.8	12.9	12.8	11.4	9.9	8.7	7.6
10	Service of external debt (in % of exports of goods and non-factor services)	45.1	10.9	11.9	28.5	14.7	16.5	17.8	46.8	46.3	39.9
11	Foreign exchange reserves (in months of imports of goods and non-factor services)	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2	9.2
Government											
12	Revenue (in % of GDP)	27.4	26.5	31.4	33.6	30.8	26.7	22.2	21.8	21.7	21.6
	- of which: grants (in % of GDP)	6.7	8.4	5.3	3.9	5.2	4.6	4.2	3.9	3.8	3.6
13	Expenditure (in % of GDP)	32.8	34.8	33.9	35	36.1	31.6	26.5	25.8	25.5	25.3
	- of which: capital expenditure (in % of GDP)	10.5	12.3	9.1	7.1	8.7	12.3	8.9	8.5	8.2	8.4
14(a)	Deficit (in % of GDP) including grants	1.6	0.1	3.1	2.5	-	-	0.1	0.1	0.1	0.1
14(b)	Deficit (in % of GDP) excluding grants	5.8	0.2	9.9	7.5	-0.1	-0.2	0.5	0.6	0.6	0.5
15	Debt (in % of GDP)	60.0	47.8	39.3	33.8	29.0	29.6	27.9	26.1%	24.6%	23.3%
	- of which: external (in % of public debt)	34.9	25.4	21.2	16.8	12.9	12.8	11.4	9.9%	8.7%	7.6%
Others											
16	Consumer price inflation (annual average change in %)	2.1	1.8	2.4	0.9	10.6	6.1	6.5	4.3	4.0	4.0
17	Interest rate (for money, annual rate in %)	9.0	4.5	5.0	5.0	6.5	7.0	7.0	7.0	7.0	7.0
18	Exchange rate (annual average of national currency per 1 US\$)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
19	Unemployment (in % of labour force, ILO definition)										
20	Employment in agriculture (in % of total employment)	56.2	54.8	60.4	65.5	66.3	66.3	66.3	66.3	66.3	66.3
21(a)	Non-mining nominal GDP (in millions PNG Kina)	10261.0	11639.8	12447.6	13818.9	16140.3	17905.8	19360.7	20867.9	22256.6	23737.3
21(b)	Non-mining real GDP (in millions PNG Kina)	7138.9	7382.5	7680.2	8219.7	8872.8	9369.2	9749.1	10131.3	10501.1	10862.7

- i. Data Sources: Volume 1, 2009 National Budget, Treasury and Bank of PNG's Quarterly Economic Bulletins National Statistical Office
- ii. Population is estimated using a population growth rate of 2.7%, starting with 5, 171, 548 (2000 Census).
- iii. To date, Gross Fixed capital Formation is not defined in PNG, hence indepth analysis/research needs to be done to establish the component of Government spending that goes into capital investment.
- iv. No reliable data on unemployment to date. If need be we may go onto check the IMF Article IV.

1 Population

2 Norminal GDP (in millions PNG Kina)

3

4 Gross Fixed Capital Formation ???

5 Net in flows of foreign direct investment (in % of GDP) ???

6 Per capita working ???

7 Exchange rate (annual average of national currency per 1 !) How to work out???

8 Population (in 1000)/GDP per capita/annual change in per capita population, growth rate, ...

from where? Ilma/Volume1 etc

Nom. GDP divided by population??

How to work out???

population, growth rate, ...

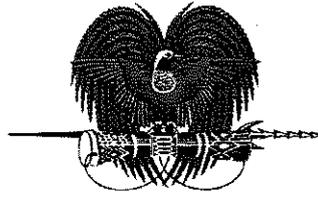
ANNEX 1.B

PROGRESS SUMMARY REPORT ON MDG



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INDEPENDENT STATE OF PAPUA NEW GUINEA

Date: July 17, 2008

PROGRESS SUMMARY REPORT ON THE STATUS OF THE IMPLEMENTATION OF THE NATIONAL MILLENNIUM DEVELOPMENT GOALS (MDGS) IN PNG

A. Background

Papua New Guinea has made significant strides since the 2000 Millennium Declaration. In collaboration with the UN, the Government has launched a National MDG Roadmap 2004-2015, and MDG Progress Report which details the status and trends under seven of the MDG Goals.

The report finds that PNG's two major resources constitute its land endowments and its population. According to the report of the 465000 kilometre square land mass, 97% is under customary ownership. PNG project population is placed in the region 5.7 million with a growth rate of 2.3% per year with 40% of the population being under 15 years old.

The political, economic, social and technological implications of the nature of land ownership and demographic profile for the achievements of MDG by 2015 are staggering but surmountable. Under MDG 1, the report find that 30% of the population live below the poverty line of 399 Kina per year with a gini coefficient of 0.50 based on the 1996 Independent Household Survey (DHS). Under MDG 2, the government is moving robustly to implement its education policy based on a policy document introduced in 2005.

Under MDG 3, limited progress has been made in terms of gender balance in the political arena. Gender based violence remain rife. The National Statistical Office is yet to retain a gender focused disaggregated data. MDG 4 and 5 are very preliminary in terms of demonstrable results in the four regions of PNG.

MDG 6 remains contentious since voluntary counselling and testing remain limited even though significant national awareness to the subject is at high level, however testing centres are limited in provinces as well as districts. The National Aids Council collects some data on the HIV / AIDS situation in PNG but this yet to be vetted by the National Statistical Office.

Some progress has been made under MDG 7, with the establishment of an MDG 7 Project under the auspices of the Prime Ministers Office. However reporting on MDG 7 appears hampered by either actual or perceived lack of data. Further more, environmental issues are not highly integrated into country communication systems and reporting frameworks.

When environmental issued are discussed in the context of other MDGs, the causal linkage between poverty and environment is not well articulated nor a response system developed. Since majority of the PNG population live in rural areas and agricultural sector provide sustenance to majority of the population, such apparent dichotomy in reporting, monitoring and actual economic returns to the population needs to be overcame.

MDG 8 has not been localised and was not captured in the first MDG Progress however at November 20 meeting of MDG Steering Committee, the idea of localizing MDG 8 was unanimously endorsed by the members. Since then the Government and donors in PNG have signed a declaration on Aid effectiveness in Madang in which MDG 8 localization is tacitly espoused.

In PNG, there is political will and financial resources from the sound fiscal policies however, the main challenge is lack of coordination among internal authorities stemming from an unclear definition of roles and responsibilities. Collaboration among donor community also present some difficulties which the Madang Declarations seeks to address and overcome.

The Medium Term Development Strategy 2005-2010 is the overarching policy framework of the Government. It adopts a theme to reduce poverty through rural development. The MTDS objectives are to be reflected in National Poverty Reduction strategy but this has not been completed or endorsed. In view of these there is limited movement or reporting on MDG1.

B. Implementation of the MDGs

1. The seven MTDS priorities are encapsulated in a long term national vision, rolled-out in five-yearly MTDS interventions designed to creating socio-economic access and providing people-centred options which will offer choices for the people of the country through targeted budgetary support for the seven expenditure priority areas outlined by GoPNG.
2. The Millennium Development Goals (MDGs) signed by GoPNG in 2000 falls behind this long term national vision and objective with the MDGs serving as a catalyst for reaching this vision in accordance with the home grown national MDG targets (15) and indicators (67). This conceptual framework underpins the home grown development philosophy of PNG.
3. Against this development philosophy, Papua New Guinea launched its first MDG Progress report in 2005. The report captured and reported on a number of issues including PNGs preparations since the Millennium Declaration by Heads of State and Governments at the United Nations Millennium Assembly in 2000. It also reported on the opportunities and challenges for achieving the Millennium Development Goals in PNG by 2015.
4. In the course of producing the publication of 2004 MDG Progress Report, the Government assisted by the UN, localised the MDG global targets and indicators by identifying 15 home grown targets and 67 indicators which reflects PNG's specific social and economic situation.
5. The MDG progress report also proposed the formulation of a Joint MDG Project with GoPNG to galvanize and coordinate the preparations towards achieving the MDGs. The resulting Joint MDG Project was endorsed by the Government on 10 August 2006.
6. The joint MDG Preparatory Assistance Project is serviced at the highest level by a National MDG Steering Committee consisting of representatives from the United Nations, line departments, provincial governments as well as civil society and the universities.
7. The National MDG Steering Committee is supported by a Technical Working Group which comprises specialist from all line departments. These two entities are assisted by a Core Working Group located within the Department of National Planning and Monitoring.
8. The Core Working Group serves as secretariat for both the National MDG Steering Committee and the Technical Working Group. The Core Working Group meets two times a month to exchange views on MDG progress and implement proposals endorsed by the National MDG Steering Committee. In these meetings, technical officers from the Department of National Planning and Monitoring have used the opportunity to brief governors, provincial administrators and senior planners and policy officers in the province on the MDGs.

9. A flagship initiative has been launched in conjunction with the meetings of the National MDG Steering Committee whereby youths, and civil society organisations engage in provincial debating competition based on MDG and MTDS themes. This initiative could serve as major advocacy tool for delivering the MDG message to grassroots and other remote populations.
10. The Joint MDG Project formulated with the United Nations is a two-year preparatory assistance project tasked with supporting the preparation of a full-fledged eight-year (8) National MDG Programme which will serve as a platform / organizing framework for coordination and implementation of the MDGs in PNG.

C. Towards MDG achievement by 2015:

11. Papua New Guinea (PNG) welcomed the 2000 Millennium Declaration by launching its first MDG Progress Report in 2005. The report captured and reported on the Government's preparations and actions and provided a basis for addressing the challenges and opportunities for achieving the MDG by 2015.
12. The MDG Progress report further identified a framework for collaboration between the Government, local donors and the global community.
13. A United Nations Joint MDG Project (MDG Coordination and Implementation Project) ensued, by which technical capacity of the Government would be expanded through the preparation of national, provincial and district level strategies for implementing the MDGs by 2015.
14. The National MDG Technical Working Group has been tasked to undertake a number of activities including the alignment of the seven MTDS expenditure priorities areas to the national MDG targets (15) and indicators (67).
15. The current situation is that MDGs 1, 2, 4, 5, and 6 are closely aligned to relevant MTDS-EPAs. However MDG-7 (ensure environmental sustainability) is not fully aligned to the MTDS-EPAs and would require specially designed targeted interventions to ensure a fully and comprehensive elaboration within the MTDS. Targets and indicators for MDG-8, which calls for international partnership is under construction.
16. The advisory support provided by the MDG Coordination and Implementation Project on a number of results have been delivered. Two notable ones are the PNG National MDG Roadmap which outlines critical and structured steps and activities as well as building blocks for designing and seven (7)-year MDG implementation programme.
17. The National MDG Roadmap has been endorsed and has been shared with selected donors and United Nations. The MDG Roadmap serves as a point of departure for all MDG related activities in PNG.

D. Papua New Guinea National MDG Roadmap

18. The PNG National MDG Roadmap was presented by a GoPNG delegation to the 63rd Ministerial Summit of the United Nations Economic and Social Commission for Asia Pacific in May 2007. The Summit welcomed the Roadmap adopted a similar framework for supporting MDG achievement in the Asia -Pacific region.

¹ MDG-1 (Eradicate extreme poverty and hunger), MDG-2 (Universal Primary Education), MDG-4 (Reduce Child Mortality), MDG-5 (Improve Maternal Health), MDG-6 (Combat HIV/AIDS, Malaria and other Diseases) are closely aligned to MTDS-EPA on HIV/AIDS Prevention, Primary Health Care, Basic Education, Development-oriented adult education, and Promotion of income-earning opportunities with Rehabilitation and maintenance of transport infrastructure as well as Law and Justice providing cross-cutting effect to all the MDGs.

19. The PNG National MDG Roadmap is expected to be translated into National MDG Strategic Plan which could serve as a basis for partnership and resource mobilisation. The Roadmap provides a three-phased approach for reaching GoPNG's MDG objectives by 2015.

MDG Phase	Delivery Medium	MDG Output
Phase I: 2004-06	2004 MDG Progress Report	<ul style="list-style-type: none"> i. PNG launches global and national commitment to MDG ii. PNG localises MDG by incorporating 67 official MDG indicators in its Medium Term Development Strategy (MTDS) 2005-2010 iii. MDG data, survey, monitoring and reporting constraints identified
Phase II: 2006-08	MDG Joint United Nations Project	<ul style="list-style-type: none"> i. 67 MDG indicators disseminated globally and nationally ii. MDG Public Awareness completed with the selection of focal points in "poverty corridors" of PNG iii. MDG data verified and 2006 surveys completed. Statistical baseline report covering the 67 MDG indicators finalised and disseminated globally and nationally. Provincial and district levels statistical baselines reports are completed. iv. MDG Diagnostic Assessment covering national, provincial and district level is completed reporting on economic, political and social development of PNG based on the localised indicators v. Total cost of achieving the MDG in PNG by 2015 is computed and announced globally and nationally vi. A National CSO workshop on MDG implementation in PNG convenes in Madang vii. An 7-year MDG Programme is formulated with costing completed and endorsed by Government, World Bank, Asian Development Bank, AusAid, IMF, EU and all Development Partners viii. GoPNG-MDG Development Partners Round-Table convened in POM, Geneva and Canberra simultaneously to elicit pledges / contribution towards MDG implementation ix. PNG-MDG Global Compact is signed by pledging donors / partners
MDG Phase III: 2008-15	8-year Full fledged MDG Implementation Programme Launched	<ul style="list-style-type: none"> i. Annual National CSO Workshop on MDG implementation is convened to track MDG Implementation in PNG with final workshop in 2015 ii. Minimum Development of PNG is achieved based on the localised MDG targets (15) and indicators (67). iii. Annual PNG-MDG Scorecard based on the 67 MDG indicators published globally and nationally.

20. This effort culminated in the national and global dissemination of 67 localised MDG indicators, which continues to inform all communication and information systems by selected areas of line government departments.

21. In recognition of provincial disparities in development roll-out, four (4) provincial Deputy Administrators representing four regions are included in the membership of National MDG Steering Committee to provide regional and provincial perspectives on MDG coordination and

implementation. There are ongoing activities to expand awareness to the remaining provincial and local level Government (LLG) officers and leaders.

22. The national MDG targets (15) and indicators (67) MDG serves as performance benchmark for tracking, monitoring and reporting on the MTDS 2005-2010 in PNG. The limitation is that the indicators are yet to be fully populated with all the necessary statistical information.
23. The absence of a robust Aid coordination policy and strategy as well as a whole of government monitoring evaluation framework, with clearly defined benchmarks is opportunity for further collaboration between GoPNG and development partners in producing a results based approach towards the development of PNG.
24. The institutional arrangements necessary for supporting this results based approach needs to be elaborated, particularly the need for strengthening the collaboration between the Department of National Planning and Monitoring, Finance and Treasury as well as the main implementing line agencies.

E. Next Critical Steps:

25. Four critical steps are envisaged as building blocks for strengthening the MTDS and MDG alignment and for achieving the MDGs by 2015.
26. **Step 1:** Document a Statistical Baseline Report immediately following the release of the 2006 demographic and Health Survey results through close collaboration between the National Statistical Office (NSO), National Economic and Fiscal Commission and other relevant agencies, under the guidance of the National MDG Steering Committee. The report will serve as the official benchmark for tracking the progress of MDG achievements in the country. This will also include the refining and re-prioritization of the national MDG targets and indicators.
27. **Step 2:** Establish a socio-economic forecasting / costing of the reprioritized national MDG targets and indicators consistent with GoPNG's development strategy, fiscal strategy and debt management strategy.
28. **Step 3:** Design MDG targeted / focused socio-economic interventions based on the re-prioritized national MDG targets and indicators. It is anticipated that commencing in 2009, there will be MDG targeted interventions formulated and funded in the area of maternal health, infant health and HIV/AIDs.
29. **Step 4:** Strengthen the development strategy and budgetary responses by continuing to integrate the outcomes of the steps 1-3 above into the national development and donor assistance strategies and our annual budgets
30. The MDGs will continue to be pillars of the Proposed Long Term Development Strategy 2010-2030 for PNG.

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ANNEX 1.C

SPECIFIC SITUATION OF PNG FOR EACH MDG

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Annex 1.C – Specific situation in PNG for each MDGs

MDG 1 – Eradicate Extreme Poverty and Hunger

- The MDG Progress report and an AusAID report¹ find that between 30 – 40 percent of the population live below the poverty line of US\$1 a day². These reports and quantitative analysis and observations provided by long-term observers of development in the Pacific indicate staggering increase over the last decade. Once analyzed and disseminated, the results of recent household income and expenditure surveys since 2004 should start to fill the data gaps.
- Most Papua New Guineans live in rural areas but poor rural conditions mean more people are moving to urban centers (living in settlements and makeshift dwellings), where poverty, unemployment and crime rates is growing. Traditional safety nets—such as strong family and community ties and access to subsistence agriculture—are being eroded by cash economies, urbanization and population growth. Rural communities are also highly vulnerable to natural disasters such as cyclones and droughts that destroy food crops and livelihoods. Malnutrition is a growing problem, as apparent from recent health and household surveys. High-population densities (especially in urban areas), adverse physical environments, natural disasters and limited sources of cash income all increase the risk of hunger. Furthermore, rising prices of imported foodstuffs are beginning to affect the poor, including those in urban areas.
- High rates of sustained and shared economic growth are essential for long-term poverty reduction and sustainable development. Until recently, PNG has benefited from the global boom. After stagnating in the early years of this decade, economic growth increased to 7.6% in 2008, up from 6.5% in 2007. Overall, PNG accounts for half the region's GDP, however, the region generally lags behind other regions (South East Asia, Sub-Saharan Africa and Caribbean), although the gap is narrowing.
- PNG is experiencing significant increases in government revenue due to high commodity prices and increases in oil production, which provide a unique opportunity to accelerate progress towards the MDGs. However, PNG is suffering from expensive fuel imports. Tourism can succeed in PNG if supported by domestic policies. Political or social instability has hurt growth in PNG and several Pacific countries, but PNG has experienced stability over the last 7 years due to the new Organic Law on Political Parties and Candidates.
- **Growth needs to be sustained and pro-poor** – While faster growth is essential and needs to be sustained, it does not guarantee that poverty will be reduced and human development improved, particularly for disadvantaged groups such as the disabled, elderly and those more generally operating predominantly in the informal economy. Giving growth a 'pro-poor' orientation, together with maximizing growth rates, is essential for speeding up the rate of poverty reduction. In summary, growth must: (i) become more even in all provinces; (ii), become more pro-poor if progress towards the MDGs is to accelerate; and (iii) be sustained at high levels.
- Finally, the definition of poverty in PNG is still arguable by policy makers which some define as **"poverty in services"** than monetary income. It is true to note that 97% of the land (465,000 square kilometers of land mass) is customary owned, or owned by 85% of the rural population³. Land is their safety-net that they can return to but land without any domestic and income generating activities then land is useless. The Government needs to provide the basic skills for the rural communities (e.g. skills

¹ Source: Tracking Development and Governance in the Pacific, by AusAID, August 2008.

² While poverty data are sparse and unreliable, it is estimated that at least three million people of the Pacific live in extreme poverty: the overwhelming majority are Papua New Guineans.

³ Sources: Budget Strategy Paper, World Bank Report, AusAID Report – PNG's projected population is 6.2 million with a growth rate of 2.7% per year with 40% of the population being under 15 years old.

in cropping and cooking) empowering them to look after themselves. The positive impact would be reduction in rural-urban migration and law and order problems.

MDG 2 – Achieve Universal Primary Education

- There is mixed progress towards universal primary education in the Pacific, and the region as a whole is not on track to achieve this MDG target (Annex 4.1.2). Some Pacific islands including Samoa, Tonga and Fiji are progressing well. PNG which account for about three quarters of the region's population, is off-track to achieve universal primary education by 2015. Children particularly are at risk of not completing primary school are those in geographically remote communities, those with disabilities and those undertaking paid or domestic labour. Inequity of access is more acute in secondary school where students predominantly come from wealthier urban households. However, secondary school enrolment rates for females are low in PNG compared to other Pacific Island Countries. Learning achievement is low in with many children leaving primary school unable to read, write or solve basic mathematical problems. The poor quality of basic education impacts on students who move beyond school to university or into technical courses, reducing their capacity to succeed.
- Nearly half of PNG's population is under the age of 20 and the number of young people is expected to double in the next 20 years. Youth unemployment is on the rise with only one in ten school graduates finding jobs in the private sector. With many young people leaving their villages in search of jobs in the towns and cities, few job opportunities has lead to the expansion of urban youth gangs, known as rascal gangs who often turn to crime.
- However, the government is moving robustly to implement its education policy based on its National Education Plan (2005-2014). Under the policy the Government aims to provide the opportunity for all children to complete nine years of basic education. There are disparities between provinces due to affordability, lack of infrastructure, teaching capacity but reports indicate that significant progress has been made. Gross enrollment at primary level increased in 2007 to 79.9% from 60.9% in 2005. High enrolment also puts pressure on places at secondary schools. The Government has introduced a number of new projects with support from the development partners⁴. The EU allocated more than €39 million (K125 million) under the 9th EDF to achieve the overall objectives of the sector. The Government has agreed to support a Sector Wide Approach and discussions are on going with key stakeholders including the development partners. The EU's 10th EDF focal sector two is envisaged to support the SWAp approach towards a possible budget support in future.

MDG 3 – Promote Gender Equality and Empower Women

- The Pacific has improved the ratio of girls to boys in primary and secondary education (Annex 4.1.23), although progress is uneven and there is poor performance in PNG compared with other pacific island states. Some stubborn gaps remain, and significant gaps persist in tertiary education. Women's participation in political leadership is very low, with the average representation in national parliaments in the Pacific island countries standing at 3.5 per cent in 2006. Of the 10 countries in the world with no female representation, five are in the Pacific. Women are also significantly underrepresented in employment and senior bureaucratic roles.
- Women in PNG have substantially poorer access to health care services and lower levels of educational attainment and literacy pose barriers to their equal participation in economic activity and political life. Most women lack access to credit, banking and markets. As per the World Bank report, female literacy rate of 51 per cent is well below the male rate of 63 per cent. The National Statistical Office is yet to retain a gender focused disaggregated data.

⁴ Grants from Development Partners in 2008 has been K163 million and projected in 2009 is K145 million. The Government's own funding in 2008 has been K10.5 million and in 2009 increased to K144.8 million.



MDG 4 & 5 – Reduce Child Mortality & Improve Maternal Mortality

- PNG is experiencing rapid, sustained population growth of about 2.7 per cent a year. Papua New Guineans have low life expectancy and high infant and maternal mortality. Life expectancy is 56 years, infant mortality rates are 64 per 1,000 births and immunization rates are inadequate.⁵
- Nearly 18,000 children die each year in the Pacific region, many during the first month after birth or from other preventable causes such as diarrhea and pneumonia.⁶ According to UNICEF, the numbers are highest in PNG (almost 13,000) and Timor-Leste (about 2,500). Although child mortality has fallen across the region, the MDG target of reducing the rate by two-thirds compared to 1990 levels is unlikely to be met by PNG. The PNG 2000 National Census figures show that more than 10 per cent of babies were dying in West Sepik and Gulf – five times the rate in Port Moresby and significantly higher than the national average. Under the National Health Plan (2001 – 2010), the Government intends to immunize every child under one year old.
- The Demographic Health Survey (DHS) 2006, results shows the maternal mortality rates are of great concern. In addition, the MTDS Performance Management Framework shows a decreasing trend in the proportion of deliveries that are supervised.⁷ All regions have reported that they have difficulties in accessing provincial health services, lack of drug suppliers, and lack of staff capacity. Under the National Health Plan (2001 – 2010) and the Health Services Improvement Programme (HSIP), the Government intends to reduce maternal mortality in high risk areas by addressing most of these issues.
- Only seven percent of the population has access to electricity with wide variations across regions. Nearly two-fifths of health/sub-health centers and an even greater proportion of rural health posts have no electricity to power essential medical equipment and among the small minority of schools that have access to electricity, energy costs can account for up to 70 percent of their budget.
- Before the introduction of competition in the mobile phone sector, less than three in one hundred Papuan New Guineans had access to basic telecommunications. The new figures indicate that up to one million people can now have access to telecommunication as it is affordable and sustainable. This means that also health and education officials in remote areas can now have access to mobile telecommunication for personnel convenience.

MDG 6 – Combat HIV/AIDS, Malaria and other Diseases

- HIV/AIDS is number one of the seven expenditure priority areas of the MTDS. It remains contentious since voluntary counseling and testing remain limited even though significant national awareness to the subject is at high level; testing centres are limited in provinces as well as districts. According to a UNGASS 2008 Report and many other reports⁸, PNG faces a major HIV/AIDS epidemic with over 60,000 HIV positive cases (over 1.6 percent of the adult population⁹).¹⁰ The reports highlight a worrying trend of increase prevalence in the rural areas. Reversing the trend is more difficult in the rural areas as low literacy levels and limited access to basic health, education, and transport services. Without

⁵ Source: World Bank Report, 2007.

⁶ Source: Tracking Development and Governance in the Pacific, by AusAID, August 2008.

⁷ On average, medical centers receive one medical officer per year.

⁸ Source: World Bank – Strategic Directions for Human Development, UNGASS 2008 Country Progress Report, 2009 Budget Volume 1.

⁹ The HIV/AIDS epidemic is generalized and accelerating and PNG has the highest rate of reported HIV cases in the region. In 2005, 64,000 people or two per cent of the adult population were living with HIV/AIDS. Among sexually active adults, HIV prevalence exceeds one percent in many rural areas, two percent in many urban areas and three per cent in the capital, Port Moresby.

¹⁰ Between 50,000 and 150,000 people in the Pacific have HIV/AIDS (three-quarters of these live in PNG). The rate of new infections is increasing, particularly in rural areas, partly because at-risk populations have inadequate access to prevention information and condoms. PNG has a lower proportion of people living with AIDS receiving anti-retroviral treatment than most African countries



effective interventions, the number of HIV infections could swell to over half a million, or 10 percent of the adult population by 2025. However, the National HIV/AIDS Strategic Plan (2006-2011) administered by the National Aids Council Secretariat (NACS) provides the broad framework with seven main areas of intervention and integrating into the National Health Plan, National Gender Policy and Plan, HIV/AIDS Policy for the National Education System.

- In 2008, a new National Leadership Strategy was implemented to mobilize leaders at all levels for effective response. The support in the provision for treatment continued with antiretroviral treatment sites increased from 2 in 2004 to 38 in 2008. As the HIV/AIDS epidemic is a cross-sectoral issue, two important organizations were established to mainstream HIV/AIDS prevention into society are PNG Business Council against HIV/AIDS (BAHA) and PNG Alliance of Civil Society Organizations. Also in 2008, the Provincial HIV/AIDS Committees were established in all the provinces. In the 2008 Budget, the Government has allocated K17 million whilst donors have contributed K84.3 million¹¹ and in 2009, the Government has allocated K5 million whilst donors have contributed K71.2 million. Though more funding is going into the sector, the reversal of the epidemic remains with the people themselves. Hence, more efforts must be put in by all sectors of the community to educate the populace especially in rural communities.

Malaria and other diseases are threatening

- Malaria is a significant problem in the region. According to the United Nations (UN) and AusAID Report, more than 230,000 people have malaria, with more than 800 deaths reported each year. (Note: the number of reported cases probably understates actual deaths.) The incidence of malaria is worst in Solomon Islands (13 per cent of the population), but in terms of numbers of people PNG accounts for nearly half of cases in the region despite there were reductions is shown in the 2006 DHS. Tuberculosis (TB) kills at least 4000 people each year, mostly in PNG. Also PNG has prevalence rates of more than four per cent. Non-communicable diseases are now thought to be the leading cause of death with cardiovascular disease and diabetes placing increasing pressure on the health system.
- The challenge is that the current health system is fragmentation by two structures caused by the Organic Law (one for the provinces) and not responsive to the needs of the population. In July 2008, the Health Department's Corporate Plan (2009-2013) was launched to direct the way forward and ensure other plans are in place to address issues at hand. In 2008, the Government has allocated K17 million whilst the Development Partners contributed K84.3 million and in 2009 the amount has increased to K39.6 million from the Government and the DPs contributed K109.8 million. A new project called the Social Development Program is fully funded by the Government (K15 million) to work in partnership with the Churches to deliver health services in the rural areas. The Health Department is in the process of developing the new twenty year Health Plan (2011 – 2030).

MDG 7 – Ensure Environmental Sustainability

- Progress has been made under MDG 7, with the establishment of an MDG 7 Project under the auspices of the Prime Minister's Office. However reporting on MDG 7 appears hampered by either actual or perceived lack of data. Further more, environmental issues are not highly integrated into country communication systems and reporting frameworks. When environmental issues are discussed in the context of other MDGs, the causal linkage between poverty and environment is not well articulated nor a response system developed. Since majority of the PNG population live in rural areas and agricultural sector provide sustenance to majority (85%) of the population, such apparent dichotomy in reporting, monitoring and actual economic returns to the population needs to be overcome.

¹¹ AusAID being the biggest donor in the sector has contributed K42.2 million. The EU being the second largest donor in the country provides no direct funding but mainstreamed HIV/AIDS into its programmes.

- However, environmental threats are intensifying in PNG as it will be affected by the impact of climate change, with rising sea levels and more frequent extreme weather events. Commercially accessible forestry resources are expected to be logged out within the next 15-20 years if unsustainable logging continues. Reductions in catch levels for high-value tuna stocks are urgently required to prevent long-term damage to these fisheries.
- The lack of clean water is the largest single cause of child mortality due to diarrhea and is causing many others to grow up sick or undernourished. The pollution of groundwater, rivers and other water sources with faeces further heightens the risk of contaminated drinking water. PNG is off-track comparing with other Pacific Island Countries. In 2009, under the 9th EDF, the EU assists the sector by making available K9.5 million for the Rural Water Supply and Sanitation Project which is phased over two and half years. In 2008, it committed around K16 million in the 1st phase funding up to 30 water supply and sanitation schemes for rural communities.

MDG 8 – Develop a Global Partnership for Development

- The MDGs and Paris Declaration on Aid Effectiveness recognize that primary responsibility for poverty reduction and sustainable development lies with countries themselves. Hence, PNG has allocated significant resources to its own development and to reducing poverty. For instance, more than half the national budget is assigned to MTDS expenditure priority areas. However, the effectiveness of high levels of spending is questionable. A recent World Bank report highlighted the need for more effective government performance to scale up and improve services (World Bank 2007). The report states that PNG is a high-cost operating environment and has yet to generate adequate recurrent resources to finance effective service delivery. Fiscal gaps continue to expand with changes in population and demand, and questions remain about the effectiveness of public sectors.¹²
- **Mixed performance in the quality of country policies and institutions** - The quality of policies and institutions as measured by the World Bank/Asian Development Bank (ADB)'s Country Policies and Institutions Assessments (CPIA) varies across the region and is generally weak compared to other developing countries (Table 5). In the region, Samoa's score is notable - the seventh highest among 77 developing countries surveyed by the World Bank in the CPIA.
- Countries score relatively well on the economic management component of the CPIA (i.e. macroeconomic management, and fiscal and debt policy), with good performance especially in Samoa, PNG and Vanuatu. Responsible fiscal and monetary policies have kept deficits in check and inflation under control in most Pacific countries. Performance on structural policies, important for improving investment climates, is generally weaker, except for Samoa. Policies for inclusion and equity are weak, especially in PNG and notably for gender equality. Government effectiveness is also weak.
- However, PNG made significant Improvements in the 2008 Budget as it allocated 55.5 per cent of the total Budget and 82.7 percent of Development Budget¹³ to the MTDS priority areas. The Government aims to maintain this trend in 2009. However, capacity constraints may result in slow drawdown of funds in 2009 affecting timely implementation of projects. In 2009, development expenditure is expected to increase to K2, 048.3 million, a rise of K115.7 million in 2008.¹⁴ This increase is made possible by increases in the value of donor grants. The recent improvements in bilateral relations between Australia, the largest development partner, imply that these could increase by even more than the projections¹⁵. In 2009, the Government's contribution to the Development Budget is expected to

¹² Source: Tracking Development and Governance in the Pacific, by AusAID, August 2008; World Bank Report 2007.

¹³ The Development Budget has 4 funding components: direct government financing; the tax credit scheme; concessional loans; and grants.

¹⁴ Source: Budget Strategy Paper – 2009, Department of National Planning & Monitoring.

¹⁵ The Budget Strategy Paper does not highlight the increase in funding by other Development partners especially the EU which has increased its funding from _____ under the 9th EDF to € 142.3 million under the 10th EDF. Other

represent around 37.0 per cent of total development expenditure. This is a reduction compared to the previous years (41.1 per cent, 41.0 per cent and 40.5 per cent in 2006, 2007 and 2008 respectively). One of the reasons being that funds allocated for development projects in the past are sitting in trust accounts as the government is faced with capacity constraints¹⁶.

development partners like NZ Aid, JICA, UN Agencies including ADB and World Bank have increased their aid assistance to PNG.

¹⁶ Millions of kina are still sitting in trust accounts without being utilized.



ANNEX 2

AID EFFECTIVENESS



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ANNEX 2.A

DONOR MATRICES



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DONOR MATRIX OUTLINE

GOAL	TARGET/DESCRIPTION	Activities	Total Costs 2006-2010	Parts Taken by Donors										
				GOVT.	AUST.	ADB	EU	WB	Japan	NZ	Others	No funding		
MTDS														
Eradicate Extreme Poverty & Hunger	<i>Reduce incidence of extreme poverty</i>													
	<i>Decrease by 10% by 2015 the proportion of people below the poverty line</i>													
	<i>National Food Security Programme*</i>		K2.5m	K1.5m									K1m	
	<i>Domestic Rice production & Development</i>		K2.2m	K1.2m										
	<i>Seed Potato Scheme</i>		K1.5m	K0.5m						K1m				
	<i>NZ Bougainville Restoration program</i>		K22.5m								K35.5m		K0.6m	
	<i>EU Bougainville Restoration Program</i>		K19m					K13.6m					K6m	
	<i>Ausaid Bougainville Restoration Program</i>		K45.4m										K5.5m	
	<i>Australian Contribution to NARS</i>		K6.8m	K1m									K12.6m	
	<i>Population Education</i>		K1.7m										K2.8m	
<i>District Transport Infrastructure program</i>		K110.6m	K75m									K0.9m	K0.7m	
<i>Population Policy & Development Planning</i>		K3.7m	K2.2m										K35.6m	
	<i>By 2015, increase by 10% the total amount of agriculture commercially produced & by 34% the amount of subsistence agriculture production</i>												K1.6m	
Achieve Universal Primary Education	<i>Attain 100% primary school enrolment by 2015</i>											K2,007m		
	<i>School Journal Development</i>		K6m	K4m										
	<i>Curriculum Reform</i>		K30,503.1m	K6m										
	<i>Curriculum Reform Implementation project</i>		K30.7m	K2m									K24.5m	
	<i>Education Training & HRD Program</i>		K30.7m										K11.7m	
	<i>PNG/NZ School Journal program</i>		K6m										K4m	K2m
	<i>Achieve retention rate of 70% at primary level by 2015</i>													
<i>Improvement of Rural Education Facilities</i>		K16.1m											K8.5m	K7.6m
<i>Achieve youth literacy rate of 70% by 2015</i>														
<i>Education Capacity Building Project</i>		K59m	K3m											K17m

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Promote Gender Equality and Empowerment of Women	Eliminate gender disparity at the primary & lower secondary level by 2015 and the upper & secondary level & above by 2030								
	<i>Women's Textile Centre</i>	K0.970m	K0.570m						K0.4m
	<i>Communication Program</i>	K5.3m						K5.3m	
	<i>Start Your Business/Improve Your Business</i>	K2.1m		K1.2m					
	<i>SME Development</i>	K2.2m	K1.2m						K1m
	<i>Promoting Girls Education</i>	K5m		K3m				K0.5m	K1.2m
	<i>Gender Advocacy</i>	K1.2m						K1.2m	K0.7m
Reduce Child Mortality	<i>NFP Management Diploma Program</i>	K2.1m					K1.5m		K0.6m
	Reduce infant mortality rate to 44/1000 by 2015 & under 5 mortality rate to 72/1000 by 2015								
	<i>Health Nutrition & Early Childhood Devt.</i>	K7.3m				K4.5m			K3m
	<i>Basic Education Development Project</i>	K44.7m	K1m	K20m					K23.7m
	<i>Child Protection</i>	K5m						K3m	K2m
Improve Maternal Child Health	Decrease maternal mortality rate to 274 per 100,000 live births by 2015								
	<i>Health Services Improvement Program</i>	K30.6m	K3m						K9.6m
	<i>Strengthening of Reproductive Health</i>	K1.9m						K0.8m	K1.1m
	<i>Health Services Program</i>	K14.7m		K9m					K5.7m
	<i>District health Improvement Program</i>	K40.9m	K32m						K8.9m
<i>District Water Supply Program</i>	K40.9m	K32m						K8.9m	
Combat HIV/AIDS & Malaria	Control by 2015 and Stabilise by 2020 the spread of AIDS								
	<i>HIV/AIDS Prevention</i>								
	<i>Sexual Health Project</i>	K7.9m	K5m						K2.9m
	<i>National HIV/AIDS Support</i>	K74.4m	K8m	K44m					K22.4m
	<i>AIDS Prevention & Care</i>	K6.7m							K2.2m
	<i>PNG/Australia HIV AIDS Support Program</i>	K14.2m	K3m	K6.5m		K4.5m			K4.7m
	<i>Hiv/AIDS Prevention & Control in Rural Enclaves</i>	K35.3m							K35.3m
	Control & either stabilise or reverse the incidence of pneumonia, malaria & other major diseases by 2020								
	<i>Primary & Preventative Health</i>								
	<i>PNGIMR Support program</i>	K9.2m		K6.8m					K2.4m
<i>Pharmaceutical Upgrade Project</i>	K3.4m		K2.2m					K1.2m	

with access to safewater by 2010 & to at least 85% by 2020												
Provincial Towns Water Supply & Sanitation Rural Water Supply & Sanitation Programme	K37.5m K38.2m	K6m			K9m		K24m					K22.5m K14.2m
By 2020 to have achieved a significant improvement in the lives of disadvantaged & vulnerable groups in urban areas												
Port Moresby Sewerage System Upgrade	K3m	K3m										
Road Safety Program	K1.5m	K1.5m										
National Housing Development	K8m	K8m										
Employment Oriented Skills Devt. Project	K11.3m	K0.5m			K4.5m							K6.3m
Tertiary Health Services -Phase 11	K4.4m			K2.5m								K1.9m
Vocational Training Support	K1.2m								K0.7m			K0.5m
Micro-finance Employment	K13m	K1.4m			K6.6m							K4.9m

* Japan, China, Taiwan & Phillipines also support this project but no clear funding shown in budget

Source: Volume 3 - Public Investment Program 2006-2010

ANNEX 2.B

EAMR 2008 AID EFFECTIVENESS QUESTIONNAIRE 1



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Annex C of EAMR: Questions on the EU Aid Effectiveness targets.

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 baseline we have from the January 2008 EAMR can be tracked annually. The information will also be important for you to exchange with your government colleagues, NGOs and with other donors, including MS.

Regional offices will have to complete Annex C separately for each country in their region.

Please note that the previous questionnaires for EU Target 2 coordinated technical Assistance/Cooperation and EU Target 3 Parallel Project Implementation Units have been replaced by the format for 'Mapping of significant Technical Cooperation operations and PIUs and TC/PIUs action plan 2009' (see Excel format). The questionnaires for EU target 1 "use of country systems" and EU target 4 "coordinated missions" are the same as the ones used for the January 2008 EAMR Annex C.

1. EU Target No 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		
2. Introduction		
The aim is to collect information that allows us to measure this target. The information that is needed is both the total amount of ODA provided, as well as the extent to which country systems are used in providing this ODA. For these purposes the country systems are defined as covering four main areas: (i) national budget execution procedures; (ii) national financial reporting procedures; (iii) national auditing procedures; and (iv) national procurement systems. By treating each of these four areas as having a 25% weight and dividing by the total amount of ODA provided the information required can be calculated (hence the division by four – see part 4 below). In all cases the necessary information can be collected using the same definitions as those in the OECD/DAC "Definitions and Guidance" (see attached page which includes an extract of definitions relevant to this indicator)		
3. Questions and definitions		
Question	Definition – OECD Ref	Response EUR
How much ODA did you disburse at country level for the government sector in FY 2008 (EUR)? <i>N.B. The Delegation has considered a disbursement the totality of individual commitments in 2008</i>	Qd2	17.778.543
How much ODA disbursed for the government sector in FY 2008 used national budget execution procedures (EUR)?	Qd5	0
How much ODA disbursed for the government sector in FY 2008 used national financial reporting procedures (EUR)?	Qd6	0
How much ODA disbursed for the government sector in FY 2008 used national auditing procedures (EUR)?	Qd7	0
How much ODA disbursed for the government sector in FY 2008 used national procurement procedures (EUR)?	Qd9	0
4. Definition of Indicator		
[[Qd5 + Qd6 + Qd7 + Qd9] ÷ 4] ÷ [Qd2] (please calculate and enter as response %)		Response: 0 %
5. Additional information		
Are there any significant initiatives in your country to promote the use of country systems? If so provide a list and a short description. If not, highlight the constraints to use of country systems (use additional space as needed)		
<p><i>a) There is an ongoing reform process of the public financial management system, the Public Expenditure Review and Rationalisation (PERR) Programme led by the Government and by key donors (AusAid, WB, ADB and very likely EC in 2009). The reform process aims at improving the legislation in this area as well as implementation, which is where the core of the problem lays in PNG. Four clusters of the Programme target specifically the areas enabling in the future the use of country systems, that is, (1) improvement of budget stability, (2) improvement of budget processes, (3) improvement of oversight on spending, and (4) Financial Management Improvement. Unfortunately, problems of good governance in the country hamper progress in this programme.</i></p>		

b) The PEFA exercise, carried out end-2008 with the active participation of the EC Delegation, addressed the key problems preventing donors from making use of country systems. The Report is about to be finalised but not likely to be endorsed by the government.

c) The Donor Partners Round Table (grouping only donors in the country) and the Joint Technical Working Team on Aid Effectiveness (grouping main government agencies and donors) have undertaken an ambitious agenda in line with the implementation of the Accra Agenda for Action. Three sub-working groups will follow the following issues: (1) monitoring of aid effectiveness process; (2) systems and processes for performance management assessment, (3) MDGs, costing, monitoring and reporting.

d) The EC Delegation intends to launch in 2009 an institutional audit of the existing national procedures, with the purpose of identifying weaknesses and address them through appropriate support under the 10th EDF.

Definitions from "Definitions and Guidance" OECD/DAC

www.oecd.org/dataoecd/13/29/36306366.doc

ODA	<p>Official Development Assistance (ODA) includes all transactions as defined in OECD-DAC Statistical Directives para. 32 (see appendix), including official transactions that:</p> <ul style="list-style-type: none"> ▪ Are administered with the promotion of the economic development and welfare of developing countries as its main objective; and ▪ are concessional in character and convey a grant element of at least 25%.
Disbursements	<p>A disbursement is the placement of resources at the disposal of a recipient country or agency (see OECD-DAC Statistical Directives para. 15-18). Resources provided in kind should only be included when the value of the resources have been monetised in an agreement or in a document communicated to government. In order to avoid double counting in cases where one donor disburses ODA funds on behalf of another, it is the donor who makes the final disbursement to the government who should report on these funds.</p>
Government sector	<p>Administrations (ministries, departments, agencies or municipalities) authorised to receive revenue or undertake expenditures on behalf of central government.</p>
Disbursements for the government sector	<p>This category includes the disbursement of ODA in the context of an agreement with the government sector (see definition above), including works, goods or services delegated or subcontracted by government to other entities (e.g. NGOs, private companies).</p>
Use of national budget execution procedures (Q ⁵)	<p>Donors use national budget execution procedures when the funds they provide are managed according to the national budgeting procedures as they were established in the general legislation and implemented by government. This means that programmes supported by donors are subject to normal country budgetary execution procedures namely procedures for authorisation, approval and payment.</p>
Use of national financial reporting procedures (Q ⁶)	<p>Legislative frameworks normally provide for specific types of financial reports to be produced as well as for the periodicity of such reporting. The use of national financial reporting means that donors do not make additional requirements on governments for financial reporting. In particular they do NOT require:</p> <ul style="list-style-type: none"> ▪ The production of additional financial reports. ▪ Periodicities for reporting that are different from government's normal reporting cycle. ▪ Formats for reporting that do not use government's existing chart of accounts.
Use of national auditing procedures (Q ⁷)	<p>Donors rely on the audit opinions, issued by the country's supreme audit institution, on the government's normal financial reports/statements as defined above. The use of national auditing procedures means that donors do not make additional requirements on governments for auditing.</p>
Use of national procurement procedures	<p>Donors use national procurement procedures when the funds they provide for the implementation of projects and programmes are managed according to the national procurement procedures as they were established in the general legislation and implemented by government. The use of national procurement procedures means that donors do not make additional, or special, requirements on governments for the procurement of works, goods and services. (Where weaknesses in national procurement systems have been identified, donors may work with partner countries in order to improve the efficiency, economy, and transparency of their implementation).</p>

1. EU Target No 4

Reduce the number of uncoordinated missions by 50%.

2. Introduction

The aim is to collect data on the number of uncoordinated EC Missions to your country. The information needed is (a) the total number of EC Missions to your country and (b) how many of these were coordinated.

The Paris Declaration **objectives** underlying the related indicator of progress for coordinated missions are: "In planning their missions to the field¹ it is important that donors: **Conduct fewer missions, coordinate timing of missions** with partner authorities and, where necessary, with other donors, **conduct more joint missions, avoid conducting missions during "mission free periods"**².

Coordinated mission is a mission undertaken by 2 or more donors jointly, or by one donor on behalf of another. In practice, the following 3 questions help to clarify what is meant by a mission:

1. Does the mission involve international travel to a beneficiary country? i.e. **this concerns only missions from HQ, not missions undertaken within the country by the Delegation.**
2. Does the mission involve a request to meet with government officials, including local government?
3. Is this mission undertaken by 2 or more donors jointly? Or is it done by an HQ service also on behalf of another donor?

The Definitions and Guidance of the OECD (www.oecd.org/dataoecd/13/29/36306366.doc) requires that missions undertaken by consultants contracted by AIDCO (or other DG's), if they meet the 3 above questions, must also be included.

3. Questions and definitions

OECD	ref: Q ^d 15	How many HQ missions to the field were undertaken in FY 2008? ³	7
	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 2008 in the table below:			
Missions by:		Coordinated	Uncoordinated
Members of Commission			1 (Comm. Michel)
AIDCO			2 (Enrica Pellacani and Bernard de Schrevel)
DEV			1 (Norbert Probst)
RELEX			0
TRADE			2 (EPA Madang and JPA)
ECHO			0
FISH			0

¹ 'Field' refers to the country in general including missions to the capital only.

² The target set for 2010 for indicator 10 a) is to have 40% if donor missions to the field as joint.

³ This question applies to the missions from the HQ

OTHER DGs		1 (FVO mission SANCO)
COURT OF AUDITORS		0
Consultants contracted by the Commission <i>N.B. the Delegation has not included all consultants contracted by the NAO and by the Commission on specific request of the NAO (like evaluations and audits)</i>		1(ROM)
Total		

4. Definition of Indicator		
Q ^d 16 / Q ^d 15	2007	2008
Please calculate and enter in the column for 2008 and also include the figure for this indicator for 2007 ;	0	0

5. Additional Information			
Delegations are invited to list the dates for main HQ missions already planned for March 2009 to August 2009, indicating whether they are, or not, to be coordinated with other donors;			
HQ DG	Date planned	Purpose/Sector	Coordinated (Yes/No)
AIDCO	1H	preparation BS	YES
AIDCO	March 2009	prep. HRD 10 th EDF	NO
Delegations are suggested to indicate higher priority requests for HQ missions needed from September 2009 to February 2010, but not yet agreed with HQs, that the Delegation estimates serve better the coordination arrangements at local level and can yield more added value for the policy dialogue.			
HQ DG	Date planned	Purpose/Sector	Donor(s) involved
Delegations are asked to briefly inform if there are significant initiatives to decrease the number of uncoordinated missions in your country? If so, please provide a short description. If not, highlight key constraints.			
<i>The Donor Partners Round Table keeps updated a list of missions by each donor in each sector, and missions are extensively discussed with other donors concerned, who actively participate in the mission. Hence, all missions in the country are co-ordinated with other donors although, according the criteria of this questionnaire, they cannot be considered as undertaken by 2 or more donors jointly, or by one donor on behalf of another.</i>			
<i>However, when it comes to missions contracted by the NAO in 2008, the PEFA mission - to which the NAO contributed by funding one expert – can be considered as a co-ordinated mission.</i>			

Finally, Delegations are asked to assess the likelihood of meeting, by 2010, the twin targets for missions, ie. the OECD target of 40% and the EU target of halving the number of un-coordinated missions.

- OECD target of 40% likely to be met: No
- EU target of halving the number of un-coordinated missions: No

Delegations are asked to briefly indicate what additional steps HQ should be prepared to consider to help in achieving those targets at the level of the beneficiary country concerned:

More co-ordinated missions are likely to take place as long as sectoral policies are likely to develop and being implemented: examples are the education sectors, health and infrastructure. Decentralisation and local authorities might be another example, together with public financial management. Given the specificities and own agendas pursued by each donor, co-ordinated missions can only take place if the beneficiary country takes full lead. Given the capacities and good governance problems in the country, this is unlikely to happen in the short-medium term. The Delegation is already working on laying the foundations for co-ordinates missions in the field of education, public financial management and decentralisation.

ANNEX 2.C

EAMR 2008 AID EFFECTIVENESS QUESTIONNAIRE 2



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Mapping of significant Technical Cooperation operations and PIUs and TC/PIU Action Plan 2009.

Objective:

This mapping exercise is part of the implementation of the "Backbone Strategy" which aims to reform Technical Cooperation and Project Implementation Units for External Aid provided by the EC. This exercise is separate to the OECD DAC monitoring process and has a dual purpose. On the one hand it will provide the Delegation/Unit with a working document to use in the discussions with the Partner Government and other donors on Technical Cooperation issues; on the other hand, it will help AIDCO obtain a comprehensive overview of significant technical cooperation projects, identify countries where support is needed and promote good practices and examples that could be of inspiration elsewhere.

Note that an exercise on mapping of parallel PIUs was already undertaken as part of the EAMR July 2008. The current annex has a broader scope and takes stock of the previous EAMR.

Scope:

The mapping exercise covers all "significant" (see definition below) Technical Cooperation operations and PIUs in third countries under AIDCO responsibility, including:

- country/regional bilateral development cooperation programmes (NIP/RIP implementation, centralised operations managed in HQ)
- Thematic budget lines (both managed at country level and centrally in HQ)

All "significant" Technical cooperation operations/PIUs should be considered part of this exercise. Note that TC operations/PIUs of projects/programmes implemented by International Organisations and NGOs should also be included in the mapping table and action plan.

Definitions:

"Significant" Technical Cooperation operations / PIUs

By "TC Operation" we intend the TC component of a project/programme. The TC Operation may be implemented by one or more contracts (services, grants or contribution agreements). When filling in the tables, in order to keep the exercise simple (and unless this simplification seems clearly inappropriate), please consider the TC component of a project/programme to be the set of all TC contracts related to that project/programme (example: a project where three separate contracts are established for three separate components, such as A technical assistance, B training and C "studies", should be considered as a single TC Operation of the project/programme).

Both the following criteria should be met to include the operation in the mapping:

- First criterion:

- all TC operations under purpose category 1 (Capacity Development) and all NAO support units (for EDF countries),
For all other TC purposes (categories 2/3/4-see below) – operations above 1 M€ should be indicated
and

- Second criterion:

- TC operations/PIUs implemented by contracts ending (or expected to end) on or after 31/12/2009 (includes both ongoing contracts on 31/12/2008 and TC operations starting in 2009, and **excludes** TC operations starting in 2010 and beyond)

Mini-Glossary

PIU - Project Implementation Unit: when providing development assistance, donors have commonly established Project Implementation Units to take charge of managing project implementation.. PIUs are also referred to as project management units, project management offices, project co-ordination offices etc. PIUs may be more or less integrated into local institutional and administrative structures.

Implementation arrangements: refer to how a project is set up and managed. Considerations may include the following aspects: (i) Governance and accountability of the programme (who should the programme be accountable to in country system); (ii) Management set-up (who should perform daily programme management functions); (iii) Logistical autonomy of the programme (means as vehicles, photocopiers, etc. owned or shared); (iv) Relations between TC experts, partners and the EC (to whom are the experts accountable to); (v) EC's and other donors' roles in the programme

NAO: National Authorizing Officer (applicable for EDF countries)

TC: Technical Cooperation is the provision of know-how in the form of short- and long-term personnel, training and research, twinning-arrangements, peer-support and associated costs.

The purposes and the four roles of TC

Four roles are defined based on the main purpose of the TC operation. Although the four purposes are not exclusive and may overlap, for each operation only the main of the four purposes should be marked, unless in cases where this simplification seems clearly inappropriate, in which case two purposes (one primary and one secondary) may be marked.

CD remains the primary purpose that TC should support – and this is an area where the EC has to do much better.

Importantly, however, there are legitimate and important roles for TC which do not focus on capacity development or on capacity development only.

The aim of listing different purposes for TC is to make the choices transparent and explicit, and to avoid the situation where TC support is claimed to be for CD but is in fact not.

1. Capacity development of organisations and individuals

Actions aimed at strengthening individual and organisational capacity by providing expertise (short and long term TA personnel, institutional twinning arrangements, mobilisation of Diaspora, etc.), training and related learning opportunities (peer exchange, tertiary education, etc.), and equipment.

2. Providing policy and/or expert advice (or other knowledge products)

It is often of short duration. It can be limited in scope and of a purely technical character – e.g. presenting relevant EC environmental and product standards to prospective exporters of goods Where the partner cannot deliver needed services or manage the implementation of urgent complex service delivery programmes.

3. Strengthening implementation (of services, investments, regulatory activities) may be relevant in two situations:

- Linked to classical investment projects in the form of design and supervision engineers and specialists who, on behalf of the building owner, specifies design and supervises contractors. This form of TC is used in both developed and developing countries because governments and other building owners do not have the technical expertise and do not aim to have it either, leaving this to the private sector.

Such implementation TC should follow good international practices for building owner/engineer/contractor cooperation, a specialised topic beyond the scope of these guidelines.

- Where the partner cannot deliver needed services or manage the implementation of urgent complex service delivery programmes.

4. Preparation / facilitation of EC cooperation (or broader donor cooperation)

When specialised support to the preparation of EC funded programmes may be needed.

Also applicable in the context of sector wide or programme-based approaches where several donors harmonize their support to a country-led programme. In such cases,

TC may support policy dialogue, monitoring and interaction with the country stakeholders and other donors

CD remains the primary purpose that TC should support – and this is an area where the EC has to do much better.

Importantly, however, there are legitimate and important roles for TC which do not focus on capacity development or on capacity development only.

The aim of listing different purposes for TC is to make the choices transparent and explicit, and to avoid the situation where TC support is claimed to be for CD but is in fact not.

Quality Frame for TC operations across the cycle of operations

QUALITY CRITERIA (Based on the Guidelines on TC/PIA finalised Nov 2008)

1. Fits the context	2. Commitment and adequate ownership from partners	3. Link to results and expected outcomes	4. The support is harmonized and sustainability of benefits considered	5. The implementation arrangements are appropriate
1.1 The context analysis confirms that TC is the appropriate aid modality.	2.1 Key stakeholders have convincingly expressed commitment and demand for support which is commensurate to the size of the project ; for CD interventions commitment matches the scope of change	3.1 Results and/or outcomes are defined/monitored at the level of actual service delivery, regulation or investments in use, beyond immediate TC deliverables	4.1 Synergies and harmonisation options have been explored and where relevant actively pursued with partners and other donors.	5.1 The implementation arrangements are designed/are effectively based on the results to be achieved and considering their dependency on inputs from partner organisations.
1.2 There are no critical constraints which would impede achieving the purpose of the TC supported programme.	2.2 Partners have participated adequately in the design/implementation of TC support, beyond formally endorsing proposals	3.2 TC roles and executive roles of partners are specified/ fulfilled. If partners play no or a limited role, this is separately justified	4.2 TC support from other donors in the sector has been mapped, and other main donors have been/are consulted on the possible upcoming TC support	5.2 The managerial autonomy of the arrangements are giving adequate authority over programme resources considering the purpose of the programme
1.3 Similar programmes and types of TC support have been successful in the current context	2.3 The inputs from partners have been specified and are sufficient to indicate that ownership is strong enough to achieve and sustain the desired results	3.3 Innovative forms of TC support have been considered/used; TC inputs are balanced in size and intensity to the partner's capacity to lead, manage and absorb support.	4.3 Proposals for stand-alone TC support are clearly justified, and strategies for further harmonization and sustainability of benefits provided.	5.3 Partners are adequately leading the implementation arrangements and there is clear accountability to domestic stakeholders.

Parallel PIUs

Revised Definition to be applied in the current reporting exercise

A PIU is parallel when it is created and operates outside existing country institutional and administrative structures at the behest of a donor. In practice, there is a continuum between parallel and integrated PIUs. The criteria below have been designed to help donors and partner authorities draw a line within this continuum and identify with greater certainty parallel PIUs.

For the purpose of this Survey, PIUs are said to be parallel when they meet at least three out of the four criteria set out below (anything less counts as integrated):

Criterion 1: Are the PIUs accountable to the external funding agencies/donors rather than to the country implementing agencies (ministries, departments, agencies etc)? (Y/N)

Criterion 2: Are the terms of reference for externally appointed staff determined by the donor (rather than by the country implementing agencies)? (Y/N)

Criterion 3: Is most of the professional staff appointed by the donor (rather than the country implementing agencies)? (Y/N)

Criterion 4: Is the salary structure of national staff (including benefits) higher than those of civil service personnel? (Y/N)

Significant TC/PIU Mapping Table (Ongoing and Pipeline Operations) - January 2009

Country: **Papua New Guinea**

Programme / Project		TC/PIU component (cf. page 2 for TC purpose table)					Quality Assessment Indicate: a = Very Good b = Good c = Has problems d = Serious deficiencies (cf. page 3 for quality criteria table)					Type of PIU For programmes / projects which have a PIU (Integrated and Parallel) (cf. page 3 for definitions & criteria)				
Programme / Project Title	CRIS / OLAS Number	Indicate TC Purpose 1/2/3/4	Actual / Estimated Implementation period of "TC Component" (Month/Year - Month/Year)	Amount in €	Contracting Authority / (EC or Partner Government)	Fits the context	Adequate ownership	Clear link to results / outcome	coordinated with donors	Appropriate implementation Arrangement	Other quality pb / comments	Criterion 1 (Y/N)	Criterion 2 (Y/N)	Criterion 3 (Y/N)	Criterion 4 (Y/N)	
Ongoing	1 EU Support Programme to the NAO	9 ACP PNG 2	1 and 2	up to 06/2009	1,700,000	PG	a	c	b	b	b	difficulty/impossibility of finding suitable experts to come to PNG	No	No	No	Yes
	2 Strengthening of Districts and LLGs	9 ACP PNG 12	1 and 2	up to 12/2014	2,200,000	PG	a	a	a	b	a		No	No	No	Yes
	3 Support to NSA	9 ACP PNG 8	1 and 2	up to 06/2013	875,000	PG	a	b	a	b	a		No	No	No	Yes
	4 Trade Related Assistance	9 ACP PNG 9/10	1 and 2	up to 06/2013	1,400,000	PG	a	d	c	d	b	as above	No	No	No	Yes
	5 ETHRDP	9 ACP PNG 6	1 and 2	up to 12/2013	6,000,000	PG	a	b	c	c	c	implementation.N on performing Tas	No	No	No	Yes
	6 Mining Sector Support Programme	8 ACP PNG 18	1, 2 and 3	11/2004 - 08/2012	13,300,000	PG	a	a	a	b	a		No	No	No	Yes
109	1 Institutional Capacity Building of the NAO	10 ACP PNG	1, 2 and 4	02/2009-12/2013	2,800,000	PG	a	c	a	b	a	likely to be as above	No	No	No	Yes
	2 District Towns Water Supply	9 ACP PNG 14	1 and 3	up to 06/2011	590,000	PG	a	a	a	b	a		No	No	No	Yes

TC Operation	Starting in 20	3 RWSSP Phase II	15	19 ACP FING	1 and 3	up to 01/12	2,300,000 PG	a	a	a	a	a	a	No	No	No	Yes
3																	
4																	
5																	

TC/PIU Action Plan 2009

The TC/PIU Action Plan is the key management tool to support Delegations in the implementation of the Strategy at country level. It should be completed by Delegations and discussed with partner countries. It's a starting point to develop policy dialogue on TC. It aims at providing Delegations and HQ with a clear view of the measures to be taken to frame the Backbone Strategy. Adequate support from HQ will be planned on the basis of the Action Plans. It will be posted on the TC interactive platform to facilitate exchanges between Delegations and give a view of concrete measures for the implementation of the Strategy.

The TC/PIU Action Plan 2009 should be based on the Mapping Table and should identify:

- i) problems and actions to improve the Project Implementation Arrangements and to ensure better accountability of all TC operations;
- ii) actions to address TC practices which conflict with the guiding principles of the Backbone Strategy.
- iii) measures to phase out Parallel PIUs where they exist;

The TC/PIU Action Plan will detail the measures of ongoing significant TC operations and of those starting in 2009 (based on mapping) in order to ensure compliance with the Backbone Strategy and, where relevant, set ambitious targets for coordinated TC, in particular in countries/sectors relevant to the Division of Labour fast track initiative. Transversal "quick win" actions (such as communications/training/seminars/events) should be identified where possible to stimulate change on a broader scale.

Please complete this for any current project/programme where you believe the TC component can improve. Please note that where a "c" or "d" has been indicated in the Mapping Exercise, specific actions to address the identified TC problems/constraints should be included in the Action Plan

PART A / Technical Cooperation and PIU Action Plan at project/programme level

	Programme/Project Title (Please Insert Additional Rows as necessary)	Problems/ Constraints identified in TC Component (please indicate problems/constraints in relation to TC quality criteria on Page 3)	Specific Action/s needed to address identified TC problems/ constraints (including phasing out of parallel PIUs where relevant)	Deadline/ Participants
erations	1. EU Support to the NAO	1. Ownership by NAO and deputy NAOs	1. Strengthen the dialogue between HQs/Delegation and NAO system 2. 3.	1. Ongoing 2. HQs/Del 3.
	2. Trade Related Assistance	1. Ownership at implementation level 2. Dysfunction of public service in trade department 3. No suitable TA willing to come to PNG	1. Dialogue at ministerial level optimal, then emptiness at all levels below - difficult to keep up the dialogue 2. HQs should raise the issue with international consultancies, to remedy to the	1. Ongoing 2. HQs/Del 3. Del/Service Contractor
	3. Education, Training and Human Resource Development	1. Ownership at NAO & DNAO level 2. Minimum ownership at implementation level 3. Non performing service contract TAs	1. Dialogue at NAO, Delegation and Service Contractor & Implementation level 2. As above 3. Subject to recommendations resulting from Mid-term Review	1. Ongoing / NAO + Del 2. Ongoing / NAO + Del 3. After MTR / NAO + Del
	4. Mining Sector Support Programme	1. MRA ownership on project information level 2. Difficulty to recruit experienced international TAs and keep them for the time needed	1. Strengthen dialogue with National Programme Director 2. HQs should raise the issue with international consultancies, to remedy to the situation of suitable TA willing to join PNG	1. Ongoing / NAO + Del 2. Del/HQ

Ongoing TC Op	5		1. 2. 3.	1. 2. 3.	1. 2. 3.	
	TC Operation Starting in 2009	1.	Institutional Capacity Building of the Nao System	1. Ownership by NAO and deputy NAOs 2. Difficulties to recruit suitable international TAs willing to come to PNG	1. Strengthen dialogue between HQs/Delegation and NAO system 2. HQs should raise the issue with international consultancies, to remedy to the situation of suitable TA willing to join PNG 3.	1. Ongoing 2. HQs/Del 3.
		2	District Towns Water Supply	(project not yet started)	n.a.	n.a.
		3	Rural Water Supply & Sanitation Phase II	(project not yet started)	n.a.	n.a.
		4		1. 2. 3.	1. 2. 3.	1. 2. 3.

PART B / Technical Cooperation Action Plan - Crosscutting measures

	Country/Regional-level actions, not specific to a project but complimentary to the actions identified for each TC operation (such as: communication, workshops, country-level assessments...)	Deadline/ Participants
1.	More frequent meetings among all EC-funded TA in the country	DEL/NAO/TAs - ongoing
2.		
3.		
4.		
5.		

Significant TC/PIU Mapping Table (Ongoing and Pipeline Operations) - January 2009

Country: **NICARAGUA**

Programme / Project		TC/PIU component (cf. page 2 for TC purpose table)		Quality Assessment							Type of PIU				
				Indicate: a = Very Good b = Good c = Has problems d = Serious deficiencies (cf. page 3 for quality criteria table)							For programmes / projects which have a PIU (Integrated and Parallel) (cf. page 3 for definitions & criteria)				
Programme / Project Title	CRIS / OLAS Number	Indicate TC Purpose 1/2/3/4	Actual / Estimated Implementation period of "TC Component" (Month/Year - Month/Year)	Amount in €	Contracting Authority / (EC or Partner Government)	Fits the context	Adequate ownership	Clear link to results / outcome	coordinated with donors	Appropriate Implementation Arrangement	Other quality pb / comments	Criterion 1 (Y/N)	Criterion 2 (Y/N)	Criterion 3 (Y/N)	Criterion 4 (Y/N)
1 <i>Institutional Support to Development Policies in Nicaragua - PAINIC</i>	ALA/2003/05 748	1	Feb 05 - Nov 08	4.54 M€		b	c	a	b	a		Y	Y	Y	N
2 <i>DECOSUR - Desarrollo Rural en el Departamento de Rivas</i>	NIC/B7- 3100/2002/03 78 5826	1	Sep 04 - Dec 09	4.48 M€		b	b	b	b	b		Y	N	N	N
3 <i>Apoyo a las condiciones de exportación de productos agro alimentarios nicaragüenses hacia la UE. PAICEPAN</i>	ALA/ 2005/ 017-625	1	Oct 06 - Dec 2010	2.9 M€		b	c	b	b	b		Y	N	N	N

Ongoing	4	ADAPCCA (regional)	ALA/2005/01 6-839 No. 16839	1	Sep 06– Dec 2010	3.35 ME		b	b	b	b	b		Y	N	N	N
	5	PAIRCA (regional)	ALA/B7- 3100/2003/57 54 No. 5754	1	Sep 04 – Dec 08	2.15 ME		b	b	b	b	b		Y	N	N	N
	6	PREVDA (regional)	ALA/2005/017- 550 No. 17550	1	Nov 06 - Nov 2010	6.46 ME		b	b	a	c	b		Y	N	N	Y
	7	Proyecto Transfronterizo Binacional Honduras y El Salvador	ACR/IB/2000/2 052 No. 3232	1	Jan 04 – June 09	3.16 ME		b	b	b	b	b		Y	N	N	Y
	8	PROMAPER - PRRAC NIC	PRRAC 004- 157 - HDE/2000/2446	3	March 02 – Feb-08	4.16 ME		b	c	b	c	b		Y	Y	Y	Y
	9	PRIESO- PRRAC NIC	PRRAC/N/SE/0 2/048 4154	3	Jan 02 – Feb 08	3.61 ME		b	c	b	c	b		Y	Y	Y	Y
TC Operation Starting in 2009	1	Programa de Seguridad Alimentaria y Desarrollo Rural- PRODELSA(Convenio 2)	FOOD/2004/00 6-174 No. 19011	1	Jan 09- Nov 2011	0.5 ME		b	c	b	b	b		Y	N	N	N
	2	Programa de apoyo a la mejora del clima de negocios e inversiones en Nicaragua - BIC	DCI- ALA/2007 / 019-011	1	Jan 09 – Dec 2013	2.25 ME		b	b	b	b	b		Y	N	N	N
	3	Consolidación de la unión aduanera centroamericana – CONSUAAC (regional)	ALA/2006/1836 9 No. 18369	1	Jan 09 – Nov 2011	2.32 ME		b	b	b	b	b		Y	N	N	N

	<i>Fondo de Gobernabilidad para Nicaragua (centralised management – DCE</i>		Jan 09- Dec	1.76 M€		b	b	b	b	b		N/A	N/A	N/A	N/A
4	<i>NIC)</i>	DCI-ALA/2007/018-996	1												
5															

TC/PIU Action Plan 2009

PART A / Technical Cooperation and PIU Action Plan at project/programme level

	Programme/Project Title (Please Insert Additional Rows as necessary)	Problems/ Constraints identified in TC Component (please indicate problems/constraints in relation to TC quality criteria on Page 3)	Specific Action/s needed to address identified TC problems/ constraints (including phasing out of parallel PIUs where relevant)	Deadline/ Participants
Ongoing TC Operations	1. PRRAC NICARAGUA – PROMAPER & PRIESO	Parallel Project Implementation Units - This Post-Hurricane Mitch intervention employs Parallel PIUs which were considered the most effective delivery means at that time – the PRRAC programme is in its phasing-out period with all activities in NIC expected to end by Dec 2009 if not before	1. Successfully phasing-out all Parallel PIUs	1. All Parallel PIUs closed by Dec 09/ DCE NIC + PIU
	2. Apoyo a las condiciones de exportación de productos agro alimentarios nicaragüenses hacia la UE. PAICEPAN	1. Adequate Ownership – there is a complex set up in which the Lead Institution ,MAGFOR, has difficult communication with other institutions directly responsible for vital elements of this project (ie DG responsible for Phyto-sanitary norms)	1. Foresee specific actions/studies to reinforce inter-institutional communication by entering into greater dialogue with the SPAR members	1. 1st Semester 2009 – DCE NIC + institutions SPAR
	3. Programa de Seguridad Alimentaria y Desarrollo Rural- PRODELSA (Convenio 2)	Adequate Ownership – The 1 st phase of PRODELSA to be completed by end 2008 suffered severe delays due to local capacities which affected seriously the ownership level of the project and the Technical Cooperation element involved. The MTR has indicated that there is a need to ensure that the correct counterpart MAGFOR replace the current (INIFOM) as the leading institution in this action.	1. DCE NIC will continue dialogue with the GoN to ensure that the correct counterpart is nominated so that ownership and effective management of the EC and its TC components can be ensured.	1. Jan 2009. DCE NIC & GoN
	4. PAIRCA (regional)	1 Donor Coordination in the context of regional cooperation is currently limited due to the complexity of counterparts in SICA and the range of donors and types of interventions. PAIRCA supports institutional capacity building at regional level and is the adequate instrument to promote greater coordination and harmonisation among donors.	1. DCE NIC will organise a Donor meeting for regional cooperation in C. America. 2. The formation of a Joint Donor-SICA-PPT in order to draft a Roadmap for Harmonisation and Alignment at regional level. 3. Circulation and approval of H&A Roadmap for regional cooperation among all parties involved. 4. Effective implementation of H&A Roadmap for regional cooperation	1. Jan 2009. DCE NIC + donors. Place to be decided 2. Joint Working Group Members nominated/elected by February 2009. Donors/SG-SICA/PPT SICA 3. H&A Roadmap approved 2nd Semester 2009 and effective implementation

		PREVDA (regional)		<p>1. DCE NIC will continue to organise regular sectoral meetings with relevant donors in order to identify opportunities for the coordinated/ joint provision of Technical Cooperation both ongoing and future.</p> <p>2. A needs assessment will be carried out for 3 specific sectors (natural disaster prevention, environment and water) – results will be used to better coordinate donor TC intervention</p>	<p>1. Donor Meetings planned for Jan , May & Sep 2009. DCE NIC + donors. Place to be decided.</p> <p>2. 1st study available and to be shared with donors in Jan 2009.</p>
	5.		<p>1. 1. In the field of prevention of natural disasters and environmental issues, there is a need to improve communication and information between donors and the responsible regional institutional bodies (CPREDENAC/CCAD)- in the absence of this it is difficult to improve donor coordination and eventual Technical Cooperation coordination.</p>		
TC Operation Starting in 2009	1.		<p>1.</p> <p>2.</p> <p>3.</p>	<p>1.</p> <p>2.</p> <p>3.</p>	<p>1.</p> <p>2.</p> <p>3.</p>
	2.		<p>1.</p> <p>2.</p> <p>3.</p>	<p>1.</p> <p>2.</p> <p>3.</p>	<p>1.</p> <p>2.</p> <p>3.</p>



PART B / Technical Cooperation Action Plan - Crosscutting measures

	Country/Regional-level actions, not specific to a project but complimentary to the actions identified for each TC operation (such as: communication, workshops, country-level assessments...)	Deadline/ Participants
1.	In relation to the EU Code of Conduct, the DCE NIC will continue to facilitate the Member State Donor working group discussing issues of complementarity and division of labour, providing follow up and input to the achievement of the Paris Declaration Indicators in Nicaragua.	EU CoC Nicaragua Working Group meetings every quarter in 2009. All EU MS invited.
2.	DCE NIC will invite all donors involved in regional cooperation to a meeting, most probably in Managua, to discuss how to better coordinate regional cooperation actions. Donors will be requested to nominate a Donor Focal Point for Regional Cooperation per donor/agency/institution so that a Focal Point Network can be established through which information concerning coordination initiatives will be channelled. Recommendations will be discussed such as the establishment of a Global Donor/SICA round table for regional cooperation, the formation of a Joint Donor/SICA/PPT working group etc...	January 2009 DCE NIC and all donors in regional cooperation.
3.		
4.		
5.		

ANNEX 3

FINANCIAL ANNEXES



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ANNEX 3.A

**GLOBAL AND
INDIVIDUAL
COMMITMENTS AS OF
31.12.2008**

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EDF - Global and Individual Commitments 2007

COUNTRIES	GLOBAL COMMITMENTS					INDIVIDUAL COMMITMENTS				
	Forecast (target) 1 st Sem 2008 (Forecast Jan 08)	Forecast (target) 2 nd Sem. 2008 (Forecast Jan 08)	TARGET 2008 (000€)	DECIDED	%	Target 1 st Sem 2008	Target 2 nd Sem 2008	TARGET (100%+1,600M) 2008	CONTRACTED	%
Cook Islands	0	450,000	450,000	450,000	100%	20,571	232,857	253,429	72,000	28%
Fiji	0	0	0	0		940,000	0	940,000	3,910,601	416%
Kiribati	0	900,000	900,000	912,000	101%	755,276	1,299,039	2,054,314	2,097,600	102%
Marshall Islands	0	500,000	500,000	500,000	100%	310,467	835,021	1,145,488	2,608,442	228%
Micronesia	0	630,000	630,000	630,000	100%	578,368	448,716	1,027,084	4,766,428	464%
Nauru	0	200,000	200,000	200,000	100%	258,569	32,258	290,827	2,018,606	694%
Nine	0	0	0	0		126,222	2,580	128,802	1,608,189	1249%
Palau	0	250,000	250,000	250,000	100%	245,245	756,013	1,001,258	1,997,613	200%
Papua New Guinea	0	4,500,000	4,500,000	4,518,094	100%	19,425,818	8,876,952	28,302,771	17,778,543	63%
Solomon Islands	0	760,000	760,000	66	0%	5,500,431	1,728,035	7,228,466	5,332,050	74%
Samoa	0	1,200,000	1,200,000	950,000	79%	13,814,454	1,221,526	15,035,980	16,104,403	107%
Timor Leste	0	1,500,000	1,500,000	1,500,000	100%	3,186,185	1,002,768	4,188,953	374,000	9%
Tonga	0	0	0	3,676		2,034,450	615,000	2,649,450	1,301,450	49%
Tuvalu	0	600,000	600,000	600,000	100%	725,935	220,000	945,935	893,500	94%
Vanuatu	0	1,400,000	1,400,000	1,400,000	100%	521,136	580,708	1,101,844	1,189,104	108%
Region Pacific	0	0	0	0		3,666,552	239,969	3,906,521	4,016,000	103%
TOTAL PACIFIC	0	12,890,000	12,890,000	11,913,835	92%	52,109,679	18,091,441	70,201,121	66,068,531	94%

Payments 2007
(gross figures including final and temporary payments)

Printed on 10/19/2009

OLAS FIGURES - 31/12/2008					
COUNTRIES	Target 1 st Sem 2008	Target 2 nd Sem 2008	TARGET (TOTAL - TOTAL) 2008	PAID	% (target)
Cook Islands	8,500	103,250	111,750	39,643	35%
Fiji	362,597	604,608	967,205	1,838,044	190%
Kiribati	140,539	2,832,600	2,973,139	4,309,212	145%
Marshall Islands	82,153	430,376	512,529	1,193,178	233%
Micronesia	244,814	424,085	668,899	2,868,743	429%
Nauru	69,700	112,300	182,000	1,051,499	578%
Niue	42,500	57,500	100,000	1,112,252	1112%
Palau	76,500	388,376	465,076	889,181	191%
Papua New Guinea	11,332,090	20,928,000	32,260,090	16,897,595	52%
Solomon Islands	2,073,364	1,693,525	3,766,889	4,282,599	114%
Samoa	3,043,118	3,729,574	6,772,693	6,913,904	102%
Timor Leste	2,206,084	1,480,335	3,686,419	2,720,295	74%
Tonga	415,143	338,261	753,404	558,245	72%
Tuvalu	51,720	214,562	266,282	218,447	82%
Vanuatu	1,689,609	927,477	2,617,086	2,818,407	108%
Region Pacific	8,766,494	3,238,928	12,005,422	11,683,247	97%
TOTAL PACIFIC	30,604,987	37,523,956	68,128,943	59,394,493	87%

ANNEX 3.B

EDF FORECASTS 2009- 2010



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2022



PAPUA NEW GUINEA

EDF FORECASTS 2009 - 2010: PAYMENTS on ONGOING PROJECTS.

(amounts in €)

ID of B. nt.	ACCOUNTING NUMBER of GLOBAL Commit.	N° INDIV COMMIT	TITLE GLOBAL COMMITMENT	END date of implementation	SITUATION END 2008			FORECASTS on PAYMENTS 1 st SEM 2009				FORECASTS on PAYMENTS 2 nd SEM 2009				FORECAST PAYMENTS 1 st SEM 2010				FORECAST PAYMENTS 2 nd SEM 2010				A L A R M	COMMENTS	
					GLOBAL COMMIT	INDIV COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR						
					AMOUNT ONGOING INDIV COMMIT	PAYMENTS ON ONGOING INDIV COMMIT	RAP	1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H	1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H			
ON ONGOING GLOBAL COMMITMENTS					209,588,787	125,770,812	83,000,185																			
ON ONGOING INDIVIDUAL COMMITMENTS					102,917,793	64,943,688	37,873,805	11,209,604	5,738,394	3,064,804	1,528,428	5,707,631	3,894,144	1,865,172	698,316	2,687,824	1,767,824	755,800	158,000	3,021,755	1,266,265	1,695,500	150,000			
95	9ACP PNG11	0	(EX 07 P009) LOME IV MICROPROJECT PROGRAMME (EX 07 P009 C001)		2,554,349	2,554,349	0																	OK	To be closed in 1st Semester 2009	
95	9ACP PNG11	1	MICROPROJECTS PROGRAMME: (EX 07 P017) HUMAN RESOURCES DEVELOPMENT (EX 07 P017 C023) COST ESTIMATES FOR 1995 AND 1996	19991231	2,554,349	2,554,349	0																	OK	To be closed in 1st Semester 2009	
95	9ACP PNG11	0	HUMAN RESOURCES DEVELOPMENT (EX 07 P017 C023) COST ESTIMATES FOR 1995 AND 1996	20000430	599,620	599,620	0																	OK		
95	9ACP PNG11	1	HUMAN RESOURCES DEVELOPMENT (EX 07 P017 C023) COST ESTIMATES FOR 1995 AND 1996	19991231	599,620	598,858	762																	OK	Programme ended. To be decommitted & closed	
99	8ACP PNG3	0	HUMAN RESOURCES DEVELOPMENT PROGRAMME 2 (HRDP 2) SERV. CONTR. STUDIO	20061201	22,029,896	21,787,307	242,589																	OK		
99	8ACP PNG3	7	BICHARA SRL, 3,895,436.48 PGK SERV. CONTR. GOIPA	20030514	610,670	610,666	4																	OK	Awaiting litigation result before closure	
99	8ACP PNG3	8	CONSULTANTS, 1,445,500 PGK WP 2009 ICT 3 (20/05/00-30/06/00); 117,000 PGK	20030214	586,400	572,240	14,160																	OK	To be decommitted and closed	
99	8ACP PNG3	9	SUPPLY CONTR LOT 1 AUTOMOTIVE TECH. SOLADO SRL: 561,900 PGK HRDP II 2001 WP (27/03/01-27/09/03);HIDER I-2;	20030927	138,000	137,696	304																	OK	To be decommitted and closed	
99	8ACP PNG3	64	2,585,000 PGK SERV. CONTR. EDUC. ESTABL. UNITECH DEV., 659,865 PGK	20030514	99,936	93,136	6,802																	OK	To be decommitted and closed	
99	8ACP PNG3	84	UPG KUMARO VOCAT. TRAIN CENTRE, MASURINA, 3,220,759.09 PGK	20040228	1,245,820	1,245,614	6																	OK	To be decommitted and closed	
99	8ACP PNG3	85	UPG MALAHANG VOCAT. TRAIN. CENTRE, BOINAMO, 1,085,199.10 PGK	20040415	393,700	393,664	36																	OK	To be decommitted and closed	
99	8ACP PNG3	86	UPGRADING MOUNT HAGEN HIGH SCHOOL, BOINAMO, 3,535,568.41 PGK	20040715	1,285,400	1,285,378	22																	OK	To be decommitted and closed	
99	8ACP PNG3	115	PHOGRIMPLEM UNI WPICE 2003	20031231	195,900	195,851	49																	OK	To be decommitted and closed	
99	8ACP PNG3	116	WP 2004 (01/01/04 - 31/12/04) 856,900 PGK	20041231	95,800	95,739	61																	OK	To be decommitted and closed	
99	8ACP PNG3	129	PROGRAMME ESTIMATE NO.5	20061231	90,000	65,992	24,008																	OK	To be decommitted and closed	
99	8ACP PNG3	133	PROGRAMME ESTIMATE (NO.6) OPERATIONAL PERIOD FROM PNG HRDPII - END OF TERM EVALUATION	20061231	138,000	129,638	8,362																	OK	To be decommitted and closed	
99	8ACP PNG3	138	EU PROGRAMME MGMT UNIT IN SUPPORT OF NAO SERV.CONTR. PMU/NAO;	20041231	1,968,848	1,961,078	7,770																	OK		
99	8ACP PNG4	1	SOHRECO S.A.; RID 1+2; 5,170,071.59 PGK	20041231	1,640,960	1,570,222	70,738																	OK	pending OIAF investigation	
99	8ACP PNG5	0	ECO-FORESTRY PROGRAMME SERV. CONTR. ECO-FORESTRY, AGRIFOR CONSULT. 3,441,216 PGK PRELIMINARY WP (25/05/01-31/12/01); RIDER 1&2; 1,071,587 PGK WP 1 (01/01/02-31/01/03); + RIDER 1; 5,993,331 PGK	20001231	6,193,863	6,041,131	152,732																	OK		
99	8ACP PNG5	1	FORESTRY, AGRIFOR CONSULT. 3,441,216 PGK PRELIMINARY WP (25/05/01-31/12/01); RIDER 1&2; 1,071,587 PGK WP 1 (01/01/02-31/01/03); + RIDER 1; 5,993,331 PGK	20060331	1,277,818	1,224,953	52,865																		OK	Closure request received from the NAO. To be closed in 1st Semester 2009
99	8ACP PNG5	2	WP 2 (13/03/2003-29/02/2004); 7,616,946.46 PGK WPICE NO.3 (01/03/2004 - 29/02/2006) 6,890,000 PGK	20011231	339,464	339,464	0																	OK	Closure request received from NAO. Problems still to be solved. To be closed in 2nd Semester 2009	
99	8ACP PNG5	4	WP 1 (01/01/02-31/01/03); + RIDER 1; 5,993,331 PGK	20030131	1,052,954	1,052,954	0																	OK	Closure request received from NAO. Problems still to be solved. To be closed in 2nd Semester 2009	
99	8ACP PNG5	5	WP 2 (13/03/2003-29/02/2004); 7,616,946.46 PGK WPICE NO.3 (01/03/2004 - 29/02/2006) 6,890,000 PGK	20040229	627,000	601,868	25,012																	OK	Closure request received from NAO. Problems still to be solved. To be closed in 2nd Semester 2009	
99	8ACP PNG5	6	WPICE NO.3 (01/03/2004 - 29/02/2006) 6,890,000 PGK	20060331	931,699	904,953	26,747																	OK	Closure request received from NAO. Problems still to be solved. To be closed in 2nd Semester 2009	
99	8ACP PNG5	8	ECOFORESTRY PROGRAMME FA NO. 6206/PNG OPERATIONAL PERIOD	20060331	190,000	187,500	2,500																	OK	Closure request received from NAO. Problems still to be solved. To be closed in 2nd Semester 2009	
99	8ACP PNG5	9	FROM 01/03/05 TO 31/02/06	20060331	689,000	644,567	44,433																	OK	Closure request received from NAO. Problems still to be solved. To be closed in 2nd Semester 2009	

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOB. Commit.	O	TITLE GLOBAL COMMITMENT	END date of implementat	SITUATION END 2008			FORECASTS on PAYMENTS 1 st SEM 2009			FORECASTS on PAYMENTS 2 nd SEM 2009			FORECAST PAYMENTS 1 st SEM 2010			FORECAST PAYMENTS 2 nd SEM 2010			A L A R M	COMMENTS			
					GLOBAL COMMIT	INDV. COMMIT	RAC	ESTIMATION of RISK FACTOR			ESTIMATION of RISK FACTOR			ESTIMATION of RISK FACTOR			ESTIMATION of RISK FACTOR							
								AMOUNT OASONG/INDV COMMIT	PAYMENTS ON OASONG/INDV COMMIT	RAP	1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H	1 st SEMESTER			Low L	Medium M	High H
1999	BACP PNG5	10	RESEARCH PROJECTS TO ADDRESS ECO-FORESTRY CONCERNS AND PROJECT FOR FORESTRY CONSERVATION	20081011	197,231	197,231	0															OK	Closure request received from the NAO. To be closed in 1st Semester 2009	
1999	BACP PNG5	11	AWARENESS IN THE FOREST SECTOR STUDIES FOR THE SEMINAR ON TREES AND GAZELLE RESTORATION	20081024	193,000	178,307	14,613																OK	Closure request received from the NAO. To be closed in 1st Semester 2009
1999	BACP PNG5	13	AUTHORITY MT RESTORATION MICROPROJECTS PROGR.	20081231	194,701	161,716	32,986																OK	Closure request received from the NAO. To be closed in 1st Semester 2009
2000	BACP PNG10	0	GAZELLE RESTORATION, 2,122,016.68 PGK	20030930	0	-4,827	4,827																OK	Closure in 1st Semester 2009
2000	BACP PNG10	1	STABEX 99 COFFEE - RAW OR ROASTED	20051123	-4,827	-4,827	0																OK	Closure in 1st Semester 2009
2000	BACP PNG10	0	CONV. TRANSFER STABEX 28/09/PNG (RAW OR ROASTED COFFEE)	20011231	732,407	643,205	89,202																OK	Request for funds to be transferred to the Bank of Papua New Guinea submitted in Feb.
2000	BACP PNG10	1	SEXUAL HEALTH SERV CONTR	20011231	643,205	0	643,205	643,205				643,205											OK	To be closed in 1st Semester 2009, after payment and closure of IG 1.
2000	BACP PNG14	0	2002/002/EU/SG; EURO HEALTH GR; 2,905,918.49 PGK	20081231	2,510,842	2,509,054	5,788																OK	Excessive decommitment of funds resulted in insufficient funds being available to pay the final invoice from the contractor. F & C Sector is investigating how to pay the final invoice of the TA Service Contractor.
2000	BACP PNG14	1	WP/CE (JAN - DEC 2004) PROGRAMME ESTIMATE N. 4. SEXUAL HEALTH	20070409	802,000	791,421	10,579																OK	To be closed
2000	BACP PNG14	5	MID TERM REVIEW PROGRAMME ESTIMATE NO.5 FROM 01/02/06 TO 31/12/06	20050228	362,122	362,122	0																OK	To be closed after audit. In progress
2000	BACP PNG14	6	RURAL COASTAL FISHERIES DEVELOPMENT PROJECT - SERV. CONTRACT	20060228	540,943	486,294	54,649																OK	To be closed.
2000	BACP PNG14	7	AGRI/SYSTEMS, 3,120,380 PGK SUPERVISION FOR THE CONSTRUCTION OF FISH MARKETS	20050301	59,956	58,956	0																OK	To be closed after audit. In progress.
2000	BACP PNG14	8	PROGRAMME ESTIMATE NO.4 PERIOD 01/01/2006 TO 31/12/2006	20081231	410,557	410,557	0																OK	To be closed after audit. In progress.
2000	BACP PNG17	0	AUDIT OF PE3	20081231	6,000,000	4,448,953	1,551,047																OK	Decommitment and closure after final invoices are received from the TA Service Contractor and payment are made.
2000	BACP PNG17	1	NATIONAL FISHERIES COLLEGE - RURAL COASTAL FISHERIES (EX 07 P058) GAZELLE RESTORATION AUTHORITY MT RESTORATION (EX 07 P058 C001)	20081231	1,352,000	1,007,091	344,909	180,000			150,000	30,000											OK	Decommitment and closure in progress.
2000	BACP PNG17	16	CONSTRUCTION OF FISH MARKETS PROGRAMME ESTIMATE NO.4 PERIOD 01/01/2006 TO 31/12/2006	20080522	36,000	18,236	17,764																OK	Decommitment and closure after final accounting has been lodged.
2000	BACP PNG17	18	AUDIT OF PE3	20081231	439,000	125,375	313,625	20,000			20,000												OK	Decommitment and closure in progress.
2000	BACP PNG17	19	NATIONAL FISHERIES COLLEGE - RURAL COASTAL FISHERIES (EX 07 P058) GAZELLE RESTORATION AUTHORITY MT RESTORATION (EX 07 P058 C001)	20071111	4,995	4,744	251																OK	Awaiting the submission of invoice. All funds will be utilized, subject to exchange rates.
2000	BACP PNG17	22	AGRI/SYSTEMS, 3,120,380 PGK SUPERVISION FOR THE CONSTRUCTION OF FISH MARKETS PROGRAMME ESTIMATE NO.4 PERIOD 01/01/2006 TO 31/12/2006	20081105	40,900	0	40,900	40,900			20,000	20,900											OK	Decommitment and closure in progress.
2000	BACP PNG17	0	AGRI/SYSTEMS, 3,120,380 PGK SUPERVISION FOR THE CONSTRUCTION OF FISH MARKETS PROGRAMME ESTIMATE NO.4 PERIOD 01/01/2006 TO 31/12/2006	20030930	235,473	88,876	146,597																OK	Closure in progress.
2000	BACP PNG17	1	AGRI/SYSTEMS, 3,120,380 PGK SUPERVISION FOR THE CONSTRUCTION OF FISH MARKETS PROGRAMME ESTIMATE NO.4 PERIOD 01/01/2006 TO 31/12/2006	20051111	88,876	88,876	0																OK	Closure in progress.
2002	BACP PNG18	0	CONSORTIUM PNG LTD - SERVICE CONTRACT FOR AIRBORNE GEOPHYSICAL SURVEY	20121231	50,000,000	46,176,595	3,823,405																OK	Continuation of TA contract subject to final agreement between NAO and RWE.
2002	BACP PNG18	2	PROVISION OF A GEOLOGICAL AND MINERAL RESOURCE INFORMATION S TA FOR THE DESIGN AND SUPERVISION OF THE CONSTRUCTION OF 3 CONSTRUCTION OF THE MINING HAUS	20191119	2,151,000	1,532,565	618,435	150,000			150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	OK	This contract has lapsed. After Final Report the Retention Funds should be released, balances decommitted and closure requested.
2002	BACP PNG18	5	PROVISION OF A GEOLOGICAL AND MINERAL RESOURCE INFORMATION S TA FOR THE DESIGN AND SUPERVISION OF THE CONSTRUCTION OF 3 CONSTRUCTION OF THE MINING HAUS	20071110	486,300	435,281	51,019	25,000	25,000														OK	This contract has lapsed. After Final Report the Retention Funds should be released, balances decommitted and closure requested.
2002	BACP PNG18	6	PROVISION OF A GEOLOGICAL AND MINERAL RESOURCE INFORMATION S TA FOR THE DESIGN AND SUPERVISION OF THE CONSTRUCTION OF 3 CONSTRUCTION OF THE MINING HAUS	20091130	15,712,662	11,661,233	4,051,429	2,790,000	1,790,000	1,000,000			1,261,429	761,429	500,000								OK	This contract has lapsed. After Final Report the Retention Funds should be released, balances decommitted and closure requested.
2002	BACP PNG18	7	PROVISION OF A GEOLOGICAL AND MINERAL RESOURCE INFORMATION S TA FOR THE DESIGN AND SUPERVISION OF THE CONSTRUCTION OF 3 CONSTRUCTION OF THE MINING HAUS	20091231	1,185,000	638,840	546,160	250,000	250,000				294,160	294,160									OK	This contract has lapsed. After Final Report the Retention Funds should be released, balances decommitted and closure requested.
2002	BACP PNG18	8	PROVISION OF A GEOLOGICAL AND MINERAL RESOURCE INFORMATION S TA FOR THE DESIGN AND SUPERVISION OF THE CONSTRUCTION OF 3 CONSTRUCTION OF THE MINING HAUS	20081120	498,100	214,941	283,159	90,000	65,000	25,000													OK	This contract has lapsed. After Final Report the Retention Funds should be released, balances decommitted and closure requested.
2002	BACP PNG18	10	PROVISION OF A GEOLOGICAL AND MINERAL RESOURCE INFORMATION S TA FOR THE DESIGN AND SUPERVISION OF THE CONSTRUCTION OF 3 CONSTRUCTION OF THE MINING HAUS	20070916	5,851,157	5,274,310	576,847																OK	After Final Acceptance and certification that all payments have been made, decommitment of the balance and closure.

EDF FORECASTS 2009 - 2010: PAYMENTS on ONGOING PROJECTS.

(amounts in €)

YEAR of GLOB Commit.	ACCOUNTING NUMBER of GLOB Commit.	O	TITLE GLOBAL COMMITMENT	END date of Impl'mentat*	SITUATION END 2008			FORECASTS on PAYMENTS 1 st SEM 2009			FORECASTS on PAYMENTS 2 nd SEM 2009			FORECAST PAYMENTS 1 st SEM 2010				FORECAST PAYMENTS 2 nd SEM 2010				A L L O C A T I O N	COMMENTS
					GLOBAL COMMIT	INDIV COMMIT	RAC	ESTIMATION of RISK FACTOR			ESTIMATION of RISK FACTOR			ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR					
					AMOUNT ONGOING/INDIV COMMIT	PAYMENTS ON ONGOING/INDIV COMMIT	RAP	1 st SEMESTER	Low I	Medium M	High H	2 nd SEMESTER	Low I	Medium M	High H	1 st SEMESTER	Low I	Medium M	High H	2 nd SEMESTER	Low I		
2004	9ACP PNG1	10	START-UP FACILITATION FOR PNG NSA SUPPORT PROGRAMME	20071231	93,100	65,661	27,319															OK	To be decommitted and closed
2004	9ACP PNG1	11	NATIONAL ELECTIONS 2007 MEDIA CENTRE	20070810	153,000	120,000	33,000															OK	pending dispute between NAO and line departments on non-justified expenses
2004	9ACP PNG1	12	TECHNICAL COOPERATION FACILITY - PREPARATION OF PE2	20081231	812,300	261,500	550,800															OK	to be decommitted and closed
2004	9ACP PNG1	13	START-UP FACILITATION MISSIONS FOR DTWS PROGRAMME	20080131	52,050	36,439	15,611															OK	Request for decommitment and closure submitted.
2004	9ACP PNG2	0	EUROPEAN UNION SUPPORT PROGRAMME TO EU SUPPORT PROGRAMME TO THE NAO (PHASE III)	20110930	4,200,000	3,589,276	619,724															OK	
2004	9ACP PNG2	1	START-UP PROGRAMME ESTIMATE	20080630	2,500,000	1,209,624	1,290,376	400,000		360,000	40,000											OK	
2004	9ACP PNG2	2	START-UP PROGRAMME ESTIMATE	20051231	81,000	43,719	37,281															OK	To be decommitted and closed
2004	9ACP PNG2	4	NO.2 FROM 01/03/07 TO 29/09/2008	20080229	303,000	115,712	187,288															OK	To be decommitted and closed
2004	9ACP PNG2	5	FORENSIC AUDIT OF IRPEF	20080917	112,469	56,235	56,235															OK	To be decommitted and closed
2004	9ACP PNG2	6	NOTE OF NAO - 18.12.07 (NOM/SOP/985)	20090630	364,500	183,563	180,937	80,000		50,000	30,000											OK	
2004	9ACP PNG2	7	MID-TERM EVALUATION OF NAOSU PHASE 3	20080710	67,000	38,396	28,604															OK	To be decommitted and closed
2005	9ACP PNG3	0	GAZELLE RESTORATION AUTHORITY II MEDIUM TERM RESTORATION PRG	20091231	4,900,000	4,854,098	45,902															OK	
2005	9ACP PNG3	2	PE NO.2 PERIOD FROM 12/08/2006 TO 11/08/2007	20070811	1,565,000	1,076,695	488,305															OK	To be decommitted and closed after audit.
2005	9ACP PNG3	3	AUDIT OF THE PROGRAMME ESTIMATE NO.1	20070920	2,470	2,413	57															OK	To be decommitted and closed.
2005	9ACP PNG3	4	PE NO.3 FROM 23.11.2007 TO 23.11.2007	20081122	1,453,000	1,006,069	446,932	446,932	446,932													OK	Final accounting has been lodged plus a request for balance of funds. Audit required.
2005	9ACP PNG4	0	RURAL WATER SUPPLY AND SANITATION PROGRAMME (PHASE I)	20100931	8,000,000	6,925,379	1,074,621															OK	
2005	9ACP PNG4	2	PROVISION OF TA IN PNG FOR THE RURAL WATER SUPPLY AND	20080631	1,745,775	1,298,395	447,380	125,000	125,000													OK	Decommitment and closure after Final Invoices have been submitted and paid.
2005	9ACP PNG4	5	PE NO.1 FROM 10/08/2006 TO 31/07/2007	20071231	440,600	310,668	129,932															OK	To be audited, balance decommitted and closed. All audits held up by F & C
2005	9ACP PNG4	6	RWSSP - ADRA PROPOSAL	20071223	785,000	589,239	195,761															OK	To be decommitted and closed
2005	9ACP PNG4	9	MID TERM REVIEW	20070320	58,874	54,316	4,556															OK	Request for decommitment and closure submitted.
2005	9ACP PNG4	10	PROGRAMME ESTIMATE GRANT FUND 2007 FROM 9/03/07 TO 31/12/07	20080630	2,041,000	1,802,772	238,228	238,228	200,000	38,228												OK	Decommitment and closure after Final Invoices have been submitted and paid.
2005	9ACP PNG4	11	SAFEGUARDING AND PROVIDING SAFE DRINKING WATER AND	20080631	133,000	111,767	21,233	21,233	20,000	1,233												OK	Decommitment and closure after Final Invoices have been submitted and paid.
2005	9ACP PNG4	12	WOSERA GAWI AND ANGORAM RURAL WATER SUPPLY AND	20080631	216,000	96,683	125,317	125,317	100,000	25,317												OK	Decommitment and closure after Final Invoices have been submitted and paid.
2005	9ACP PNG4	13	HIGHLANDS RURAL WATER SUPPLY AND SANITATION PROGRAMME	20081031	176,000	73,107	102,893	102,893	100,000	2,893												OK	Decommitment and closure after Final Invoices have been submitted and paid.
2005	9ACP PNG4	17	DEA & SAKARINA RURAL WATER SUPPLY AND SANITATION PROJECT	20081031	244,000	0	244,000															OK	Closed 17/12/2008
2005	9ACP PNG4	18	UNITED CHURCH PAPUAN REGIONS WATER & SANITATION PROJECT	20081031	137,000	120,070	16,930	16,930	10,000	6,930												OK	After Final Invoices have been submitted and paid a request for decommitment and closure of balance will be submitted.
2005	9ACP PNG4	19	PROGRAMME ESTIMATE NO.2 FROM 1/11/07 TO	20080631	409,000	275,711	133,289															OK	To be audited, balance decommitted and closed. All audits held up by F & C.
2005	9ACP PNG4	20	NOTE OF NAO - 06.12.2007	20080631	201,987	161,590	40,397	40,397	40,397													OK	Decommitment and closure after Final Invoices have been submitted and paid.
2005	9ACP PNG4	22	KAINANTU GROUNDWATER INVESTIGATION	20080631	0	0	0															OK	
2005	9ACP PNG4	23	KAINANTU GROUNDWATER INVESTIGATION	20080631	82,100	0	82,100	82,100	60,000	22,100												OK	Decommitment and closure after Final Invoices have been submitted and paid.
2005	9ACP PNG4	24	ITALTRENDS SPA - END OF MID-TERM EVALUATION OF RWSSP	20081207	148,346	89,008	59,338	59,338	40,000	19,338												OK	Decommitment and closure after Final Invoices have been submitted and paid.
2005	9ACP PNG6	0	EDUCATION, TRAINING AND HUMAN RESOURCES DEVELOPMENT PROGRAMM TA FOR THE MANAGEMENT	20131231	39,000,000	8,197,788	30,802,232															OK	
2005	9ACP PNG6	1	AND IMPLEMENTATION OF THE EDUCATION.		6,701,380	2,169,609	4,531,771	98,000		98,000		98,000		100,000		100,000		98,000		98,000		OK	TA service Contract continues to 2011

2 of 30 LINE	ACCOUNTING NUMBER of GLOBAL COMMIT	ID	TITLE GLOBAL COMMITMENT	END date of implementation	SITUATION END 2008			FORECASTS on PAYMENTS 1 st SEM 2009				FORECASTS on PAYMENTS 2 nd SEM 2009				FORECAST PAYMENTS 1 st SEM 2010				FORECAST PAYMENTS 2 nd SEM 2010				A L A R R E M E N T S	COMMENTS	
					GLOBAL COMMIT	INDIV. COMMIT	RAC	ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR				ESTIMATION of RISK FACTOR						
					AMOUNT ONGOING INDIV COMMIT	PAYMENTS ON ONGOING INDIV COMMIT.	RAP	1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H	1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L	Medium M	High H			
35	9ACP PNG6	2	PROGRAMME ESTIMATE NO.1 FROM 1/12/07 TO 30/11/08	20090531	1,399,000	350,685	1,048,315	500,000			500,000	548,316			548,315										OK	Programme ends May 2009 New PE forecasted in NEW INDIVIDUAL COMMITMENTS
35	9ACP PNG6	3	CAMBRIDGE EDUCATION LTD MID TERM REVIEW OF ETHHDP	20090304	97,388	0	97,388	58,433	58,433			38,955	38,955												OK	
36	9ACP PNG7	0	IMPROVEMENT OF RURAL PRIMARY EDUCATION FACILITIES (RPEP). I PE NO.1 FOR PERIOD 01/07/08 TO 29/11/08	20081129	1,000,000	809,552	190,448																		OK	
36	9ACP PNG7	2	END OF TERM EVALUATION OF IRPEP PROGRAMME	20081129	769,800	766,877	2,923																		OK	FA expired Nov 2008 Decomit & close
36	9ACP PNG7	4	FINANCING AGREEMENT - SUPPORT TO NON STATE ACTORS	20080413	39,752	0	39,752	39,752	39,752																OK	
37	9ACP PNG8	0	SUPPORT TO NON-STATE ACTORS	20100630	5,000,000	992,350	4,007,650																		OK	
37	9ACP PNG8	1	SUPPORT TO NON-STATE ACTORS	20100630	829,950	142,560	687,390	135,000		135,000		135,000		135,000		135,000		135,000		135,000					OK	
37	9ACP PNG8	2	SUPPORT TO NON-STATE ACTORS IN PNG	2009131	162,400	162,343	57																		OK	To be decommitted and closed
37	9ACP PNG9	0	TRADE RELATED ASSISTANCE TO PNG	20100630	560,000	216,000	344,000																		OK	
37	9ACP PNG9	1	DF&TRADE - PE NO.1 START-UP PERIOD FROM	20080430	216,000	210,657	5,343																		OK	To be decommitted and closed
37	9ACP PNG10	0	TRADE RELATED ASSISTANCE TO PNG	20100630	2,440,000	0	2,440,000																		OK	
37	9ACP PNG12	0	STRENGTHENING OF DISTRICTS AND LOCAL LEVEL GOVERNMENTS IN	20141231	15,000,000	1,418,680	13,581,320																		OK	
37	9ACP PNG12	2	PROVISION OF TA FOR THE LANDRELL MILLS LTD - 15/07/2008 - 14/01/2009	20080114	523,000	407,904	115,096	115,096		115,096															OK	
37	9ACP PNG13	3	PROVISION OF TA FOR THE SUPPORT TO PROGRAMME ESTIMATE NO.1 PERIOD FROM 15/01/09 TO 15/12/09	20120420	895,680	0	895,680	150,000	150,000			150,000		150,000		150,000		150,000		150,000					OK	
37	9ACP PNG12	4	DISASTER RISK REDUCTION IN EIGHT PACIFIC STATES CONTRIBUTION	20081215	0	0	0																		OK	The individual commitment was not made in 2008
37	9ACP PNG12	0	AGREEMENT - SOPAC - DISASTER RISK REDUCTION DISTRICT TOWNS WATER SUPPLY	20101231	3,283,200	3,283,200	16,800																		OK	
37	9ACP PNG12	1	AGREEMENT - SOPAC - DISASTER RISK REDUCTION DISTRICT TOWNS WATER SUPPLY	20120221	3,283,200	249,798	3,033,402	1,389,850	1,389,850								902,500				902,500				OK	
37	9ACP PNG14	0	HYDROPLAN - TA SERVICE CONTRACT TO DISTRICT TOWNS	20100630	4,883,500	589,520	4,293,980																		OK	
37	9ACP PNG14	1	CONTRACT TO DISTRICT TOWNS	20100530	589,520	0	589,520	118,000	118,000			75,000	55,000	20,000		75,000	55,000	20,000		75,000	55,000	20,000			OK	
37	9ACP PNG14	0	RURAL WATER SUPPLY AND SANITATION PROGRAMME PHASE II HAREWELLE	20131231	17,000,000	2,299,900	14,700,100																		OK	
37	9ACP PNG14	1	INTERNATIONAL LTD - TA TO THE RWS & SANITATION RWSSP - START-UP PL	20120131	2,299,900	0	2,299,900	460,000	460,000			200,000	150,000	50,000		200,000	150,000	50,000		200,000	150,000	50,000			OK	
37	9ACP PNG14	2	PERIOD FROM DEC'08 TO 31 MAY 2009	20080531	0	0	0																		OK	
38	10ACP PNG1	0	INSTITUTIONAL CAPACITY BUILDING OF THE NAO SYSTEM IN PNG		4,490,000	0	4,490,000																		OK	

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EAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0	TITLE GLOBAL COMMITMENT	Initial RAC	Forecasted payments 2009-2010	Initial RAC	1 st SEM 2009		2 nd SEM 2009		New RAC after Decommitt & Payment	
							Decommitments from the Project	Decommitment to re-use on the Project	Decommitments from the Project	Decommitment to re-use on the Project		New RAP after Decommitt & Payment
							1,706,657	75,181	7,443,485	1,344,214		
1995	9ACP PNG11	0	(EX 07 P009) LOME IV MICROPROJECT	0		0					0	
1995	9ACP PNG11	1	(EX 07 P009 C001) MICROPROJECTS PROGRAMME;	0	0	0					0	
1995	9ACP PNG11	0	(EX 07 P017) HUMAN RESOURCES DEVELOPMENT PROGRAMME	0		0					0	
1995	9ACP PNG11	1	(EX 07 P017 C023) COST ESTIMATES FOR 1995 AND 1996 ;	762	0	762	762				0	
1999	8ACP PNG3	0	HUMAN RESOURCES DEVELOPMENT PROGRAMME 2 (HRDP 2)	242,588		242,588					298,671	
1999	8ACP PNG3	7	SERV. CONTR. STUDIO BICHARA SRL;	4	0	4					4	
1999	8ACP PNG3	8	SERV. CONTR. GOPA CONSULTANTS ;	14,160	0	14,160	14,160				0	
1999	8ACP PNG3	9	WP 2000 ICT 3 (20/05/00-30/06/00) ;	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	64	SERV. CONTR. EDUC. ESTABL; UNITECH DEV.;	6,802	0	6,802	6,802				0	
1999	8ACP PNG3	84	UPG. KUIARO VOCAT. TRAIN. CENTRE; MASURINA;	6	0	6	6				0	
1999	8ACP PNG3	85	UPG MALAHANG VOCAT. TRAIN. CENTRE; BOINAMO;	36	0	36	36				0	
1999	8ACP PNG3	86	UPGRADING MOUNT HAGEN HIGH SCHOOL; BOINAMO;	22	0	22	22				0	
1999	8ACP PNG3	115	PROGR.IMPLEM.UNIT WP/CE 2003	49	0	49	49				0	
1999	8ACP PNG3	116	WP 2004 (01/01/04 - 31/12/04)	61	0	61	61				0	
1999	8ACP PNG3	129	PROGRAMME ESTIMATE NO.5	24,008	0	24,008	24,008				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	7,770		7,770					7,770	
1999	8ACP PNG4	1	SERV.CONTR. PMU/NAO; SOFRECO S.A.; RID 1+2;	70,758	0	70,758					70,758	
1999	8ACP PNG5	0	ECO-FORESTRY PROGRAMME	152,732		152,732			152,732		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;	0	0	0					0	
1999	8ACP PNG5	4	WP 1 (01/01/02-31/01/03); + RIDER 1;	0	0	0					0	
1999	8ACP PNG5	5	WP 2 (13/03/2003-29/02/2004);	25,012	0	25,012		25,012			0	
1999	8ACP PNG5	6	WP/CE NO.3 (01/03/2004 - 28/02/2005)	26,747	0	26,747		26,747			0	
1999	8ACP PNG5	8	ECOFORSTRY 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	0	0	0					0	
1999	8ACP PNG5	11	PROJECT FOR FORESTRY CONSERVATION AWARENESS IN THE CRATER	14,613	0	14,613	14,613				0	

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							Decommitments from the Project	Decommitment to re-use on the Project	Decommitments from the Project	Decommitment to re-use on the Project	
							Decommitments from the Project	Decommitment to re-use on the Project	Decommitments from the Project	Decommitment to re-use on the Project	
1999	8ACP PNG5	13	FOREST SECTOR STUDIES FOR THE SEMINAR ON TREES AND	32,986	0	32,986	32,986				0
2000	8ACP PNG10	0	GAZELLE RESTORATION AUTHORITY MT	4,827		4,827	4,827				0
2000	8ACP PNG10	1	RESTORATION PROGRAMME MICROPROJECTS PROGR.; GAZELLE RESTORATION;	0	0	0					0
2000	8ACP PNG10	0	2,122,016.68 PGK STABEX 99 COFFEE - RAW OR ROASTED	89,202		89,202					89,202
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	10,579	0	10,579					10,579
2000	8ACP PNG14	5	WP/CE (JAN - DEC 2004) 3,731,001.75 PGK	0	0	0					0
2000	8ACP PNG14	6	PROGRAMME ESTIMATE N. 4 SEXUAL HEALTH	54,649	0	54,649		54,649			0
2000	8ACP PNG14	7	SEXUAL HEALTH PROJECT: MID TERM REVIEW	0	0	0					0
2000	8ACP PNG14	8	PROGRAMME ESTIMATE NO.5 FROM 01/03/06 TO 31/12/06	0	0	0					0
2000	8ACP PNG17	0	RURAL COASTAL FISHERIES DEVELOPMENT PROJECT-PIS	1,551,047		1,551,047		1,551,047			0
2000	8ACP PNG17	1	SERV. CONTRACT 2002/01/EU/SC;	344,909	180,000	164,909		164,909			0
2000	8ACP PNG17	16	AGRSYSTEMS; 3,120,380 SUPERVISION FOR THE CONSTRUCTION OF FISH MARKETS	17,764	0	17,764	17,764				0
2000	8ACP PNG17	18	PROGRAMME ESTIMATE NO.4 PERIOD 01/01/2006 TO 31/12/2006	313,625	20,000	293,625		293,625			0
2000	8ACP PNG17	19	AUDIT OF PE3	251	0	251	251				0
2000	8ACP PNG17	22	NATIONAL FISHERIES COLLEGE - RURAL COASTAL FISHERIES	40,900	40,900	0					0
2000	9ACP PNG17	0	(EX 07 P058) GAZELLE RESTORATION AUTHORITY MT RESTORATION	146,597		146,597		146,597			0
2000	9ACP PNG17	1	(EX 07 P058 C001) MICROPROJECTS PROGR.;	0	0	0					0
2002	8ACP PNG1E	0	GAZELLE RESTORATIO MINING SECTOR SUPPORT (MSS)	3,823,405		3,823,405					5,162,219
2002	8ACP PNG1E	2	RHEINBRAUN ENGINEERING (SRV/8-018/001/1C) 8,591,858.74 PGK	618,435	600,000	18,435					18,435
2002	8ACP PNG1E	5	PACIFIC ARCHITECTS CONSORTIUM PNG LTD - SERVICE CONTRACT -	51,019	25,000	26,019			26,019		0
2002	8ACP PNG1E	6	AIRBORNE GEOPHYSICAL SURVEY	4,051,429	4,051,429	0					0
2002	8ACP PNG1E	7	PROVISION OF A GEOLOGICAL AND MINERAL RESOURCE INFORMATION S	546,160	544,160	2,000			2,000		0
2002	8ACP PNG1E	8	TA FOR THE DESIGN AND SUPERVISION OF THE CONSTRUCTION OF 3	281,159	90,000	191,159			191,159		0
2002	8ACP PNG1E	10	CONSTRUCTION OF THE MINING HAUS	576,847	0	576,847			576,847		0
2002	8ACP PNG1E	11	TA FOR THE GEOLOGICAL MAPPING AND MINERAL POTENTIAL	4,521,331	4,000,000	521,331					521,331
2002	8ACP PNG1E	13	PROGRAMME ESTIMATE NO.1 FROM 1/08/2006 TO 31/03/2007	295,004	0	295,004			295,004		0
2002	8ACP PNG1E	15	INDEPENDENT EVALUATION OF DEEP-SEA MINE TAILINGS PLACEMENT	1,263,104	1,263,104	0					0
2002	8ACP PNG1E	16	CONSTRUCTION OF SMALL SCALE MINING TRAINING CENTRE AT WAU MO	73,612	50,000	23,612			23,612		0
2002	8ACP PNG1E	17	PROGRAMME ESTIMATE NO.5 FROM 01/03/2007 TO 31/03/2008	139,520	0	139,520			139,520		0
2002	8ACP PNG1E	18	PROGRAMME ESTIMATE NO.2 FROM 1/05/07 TO 30/04/08	322,083	0	322,083					322,083

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							Decommittments from the Project	Decommittment to re-use on the Project	Decommittments from the Project	Decommittment to re-use on the Project	
							N°IC	TITLE INDIVIDUAL COMMITMENT	Initial RAP	RAP after forecasted payments	Decommittments from the Project
2002	8ACP PNG1E	19	TA FOR MARKETING AND INVESTMENT PROMOTION OF THE PNG	711,255	699,255	12,000					12,000
2002	8ACP PNG1E	20	PROVISION OF TA FOR SMALL SCALE MINING CURRICULUM	1,241,205	950,000	291,205					291,205
2002	8ACP PNG1E	21	SUPPLY OF IT EQUIPMENT FOR NEW MINING HAUS	0	0	0					0
2002	8ACP PNG1E	22	PROGRAMME ESTIMATE NO.6 PERIOD FROM 01/04/08 TO 31/03/2009	152,068	50,000	102,068					102,068
2002	8ACP PNG1E	23	START-UP PROGRAMME ESTIMATE PERIOD FROM 15/04 TO 15/09/08	84,653	0	84,653			84,653		0
2002	8ACP PNG1E	24	SUPPLY OF LONG-TERM HELICOPTER SUPPORT FOR FIELDWORK IN PNG	996,039	500,000	496,039					496,039
2002	8ACP PNG1E	25	PROGRAMME ESTIMATE NO.3 (01/07/2008 TO 30/06/2009)	160,710	50,000	110,710					110,710
2002	8ACP PNG1E	26	FLOATDENE INTL LTD - SUPPLY OF EQUIPMENT FOR A THIN-SECTION	362,172	362,172	0					0
2002	8ACP PNG1E	27	MSSP-SMALL-SCALE MINING CURRICULUM DEV. & TRAINING	94,600	94,600	0					0
2002	8ACP PNG1E	28	GEOCHEMICAL ANALYSIS OF STREAM SEDIMENT AND IMPROVEMENT OF RURAL PRIMARY EDUCATION FACILITIES IRPEF	234,720	234,720	0					0
2002	8ACP PNG1E	0	GEOMAR INTERNATIONAL 2,435,448 PGK	1,098,799		1,098,799			1,098,799		0
2002	8ACP PNG1E	1	WP/CE AUG/04-DEC/04; IMP/8-019/02	248,387	50,000	198,387			198,387		0
2002	8ACP PNG1E	3	IMPROVEMENT OF RURAL PRIMARY EDUCATION FACILITIES/PROGRAMME	27,489	0	27,489	27,489				0
2002	8ACP PNG1E	4	PROGRAMME ESTIMATE NO.4 OPERATIONAL PERIOD FROM MID TERM REVIEW - EVALUATION, AUDIT	32,181	0	32,181	32,181				0
2002	8ACP PNG1E	5	TECHNICAL COOPERATION FACILITY (TCF)	538,955	0	538,955	538,955				0
2002	8ACP PNG1E	6	PROGRAMME ESTIMATE, JAN TO JUNE 2005; PGK 257,403.00	3,106	0	3,106			3,106		0
2004	9ACP PNG1	0	TA TO THE TRADE DIVISION OF THE DEPARTMENT OF TRADE AND	79,655		79,655					79,655
2004	9ACP PNG1	1	FRAMEWORK CONTRACT AMS/451-LOT NO.6 LETTER OF CONTRACT NO.	10,916	0	10,916			10,916		0
2004	9ACP PNG1	2	FORMULATION OF A TRADE-RELATED ASSISTANCE PROJECT IN PNG	0	0	0					0
2004	9ACP PNG1	6	FORMULATION OF NSA SUPPORT PROGRAMME IN PNG	8,668	0	8,668			8,668		0
2004	9ACP PNG1	7	DISTRICT TOWNS WATER SUPPLY PROGRAMME: FEASIBILITY STUDY	199	0	199			199		0
2004	9ACP PNG1	8	START-UP FACILITATION FOR PNG NSA SUPPORT PROGRAMME	20,512	0	20,512			20,512		0
2004	9ACP PNG1	9	NATIONAL ELECTIONS 2007 MEDIA CENTRE	22,987	0	22,987			22,987		0
2004	9ACP PNG1	10	TECHNICAL COOPERATION FACILITY - PREPARATION OF PE2	27,319	0	27,319			27,319		0
2004	9ACP PNG1	11	START-UP FACILITATION MISSIONS FOR DTWS PROGRAMME	33,000	0	33,000					33,000
2004	9ACP PNG1	12	EUROPEAN UNION SUPPORT PROGRAMME TO THE NAO	550,800	0	550,800			550,800		0
2004	9ACP PNG1	13	EU SUPPORT PROGRAMME TO THE NAO (PHASE III)	15,611	0	15,611			15,611		0
2004	9ACP PNG2	0	START-UP PROGRAMME ESTIMATE	619,724		619,724					619,724
2004	9ACP PNG2	1	PROGRAMME ESTIMATE NO.2 FROM 01/03/07 TO 29/02/2008	1,290,376	400,000	890,376			890,376		0
2004	9ACP PNG2	2	FORENSIC AUDIT OF IRPEF	37,281	0	37,281			37,281		0
2004	9ACP PNG2	4	NOTE OF NAO - 18.12.07 (NOM/SOP/985)	187,288	0	187,288			187,288		0
2004	9ACP PNG2	5	MID-TERM EVALUATION OF NAOSU PHASE 3	56,235	0	56,235			56,234		1
2004	9ACP PNG2	6		180,937	80,000	100,937			100,937		0
2004	9ACP PNG2	7		28,604	0	28,604			28,604		0

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							Decommitments from the Project	Decommitment to re-use on the Project	Decommitments from the Project	Decommitment to re-use on the Project	
							Decommitments from the Project	Decommitment to re-use on the Project	Decommitments from the Project	Decommitment to re-use on the Project	
2005	9ACP PNG3	0	GAZELLE RESTORATION AUTHORITY II MEDIUM TERM RESTORATION PRG	45,902		45,902					65,000
2005	9ACP PNG3	2	PE NO.2 PERIOD FROM 12/08/2006 TO 11/08/2007	488,305	0	488,305	469,207	19,098			0
2005	9ACP PNG3	3	AUDIT OF THE PROGRAMME ESTIMATE NO.1	57	0	57	57				0
2005	9ACP PNG3	4	PE NO.3 FROM 23.11.2007 TO 23.11.2007	446,932	446,932	0					0
2005	9ACP PNG4	0	RURAL WATER SUPPLY AND SANITATION PROGRAMME (PHASE I)	1,074,621		1,074,621			1,024,621		50,000
2005	9ACP PNG4	2	PROVISION OF TA IN PNG FOR THE RURAL WATER SUPPLY AND	447,380	125,000	322,380			322,380		0
2005	9ACP PNG4	5	PE NO.1 FROM 10/08/2006 TO 31/07/2007	129,932	0	129,932	129,932				0
2005	9ACP PNG4	6	RWSSP - ADRA PROPOSAL	195,761	0	195,761			195,761		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	238,228	238,228	0					0
2005	9ACP PNG4	11	SAFEGUARDING AND PROVIDING SAFE DRINKING WATER AND	21,233	21,233	0					0
2005	9ACP PNG4	12	WOSERA GAWI AND	125,317	125,317	0					0
2005	9ACP PNG4	13	ANGORAM RURAL WATER HIGHLANDS RURAL WATER SUPPLY AND SANITATION PROGRAMME	102,893	102,893	0					0
2005	9ACP PNG4	17	DEA & SAKARINA RURAL WATER SUPPLY AND SANITATION PROJECT	244,000	0	244,000	244,000				0
2005	9ACP PNG4	18	UNITED CHURCH PAPUAN REGIONS WATER & SANITATION PROJECT	16,930	16,930	0					0
2005	9ACP PNG4	19	PROGRAMME ESTIMATE NO.2 FROM 1/1/07 TO 31/8/08	133,289	0	133,289	133,289				0
2005	9ACP PNG4	20	NOTE OF NAO - 06.12.2007	40,397	40,397	0					0
2005	9ACP PNG4	22	KAINANTU GROUNDWATER INVESTIGATION	0	0	0					0
2005	9ACP PNG4	23	KAINANTU GROUNDWATER INVESTIGATION	82,100	82,100	0					0
2005	9ACP PNG4	24	ITAL TREND SPA - END OF TERM EVALUATION OF	59,338	59,338	0					0
2005	9ACP PNG6	0	EDUCATION, TRAINING AND HUMAN RESOURCES DEVELOPMENT PROGRAMM	30,802,232		30,802,232					30,802,232
2005	9ACP PNG6	1	TA FOR THE MANAGEMENT AND IMPLEMENTATION OF THE EDUCATION,	4,531,771	394,000	4,137,771					4,137,771
2005	9ACP PNG6	2	PROGRAMME ESTIMATE NO.1 FROM 1/12/07 TO 30/11/08	1,048,315	1,048,315	0					0
2005	9ACP PNG6	3	CAMBRIDGE EDUATION LTD - MID TERM REVIEW OF	97,388	97,388	0					0
2006	9ACP PNG7	0	IMPROVEMENT OF RURAL PRIMARY EDUCATION FACILITIES (IRPEF), I	190,448		190,448			180,448		10,000
2006	9ACP PNG7	2	PE NO.1 FOR PERIOD 01/07/08 TO 29/11/08	2,923	0	2,923	2,923				0
2006	9ACP PNG7	4	END OF TERM EVALUATION OF IRPEF PROGRAMME	39,752	39,752	0					0
2007	9ACP PNG8	0	FINANCING AGREEMENT - SUPPORT TO NON STATE ACTORS	4,007,650		4,007,650					4,007,707
2007	9ACP PNG8	1	SUPPORT TO NON-STATE ACTORS	687,390	540,000	147,390					147,390
2007	9ACP PNG8	2	SUPPORT TO NON-STATE ACTORS IN PNG	57	0	57				57	0
2007	9ACP PNG9	0	TRADE RELATED ASSISTANCE TO PNG	344,000		344,000					349,343
2007	9ACP PNG9	1	DFA&TRADE - PE NO.1 START- UP PERIOD FROM 1/11/08 TO	5,343	0	5,343			5,343		0
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	13,581,320		13,581,320					13,581,320
2007	9ACP PNG12	2	PE NO.1 START-UP PERIOD 15/07/2008 - 14/01/2009	115,096	115,096	0					0
2007	9ACP PNG12	3	LANDELL MILLS LTD - PROVISION OF TA FOR THE SUPPORT TO	895,680	800,000	295,680					295,680

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0	TITLE GLOBAL COMMITMENT	Initial RAC	Forecasted payments 2009-2010	Initial RAC RAP after forecasted payments	1 st SEM 2009		2 nd SEM 2009		New RAC after Decommitt & Payment
							Decommitments from the Project	Decommitment to re-use on the Project	Decommitments from the Project	Decommitment to re-use on the Project	
							Decommitments from the Project	Decommitment to re-use on the Project	Decommitments from the Project	Decommitment to re-use on the Project	New RAP after Decommit & Payment
2007	9ACP PNG12	4	PROGRAMME ESTIMATE NO.1 PERIOD FROM 15/01/09 TO 15/12/09	0	0	0					0
2007	9ACP PNG13	0	DISASTER RISK REDUCTION IN EIGHT PACIFIC STATES	16,800		16,800					16,800
2007	9ACP PNG13	1	CONTRIBUTION AGREEMENT - SOPAC - DISASTER RISK REDUCTION	3,033,402	2,292,350	741,052					741,052
2007	9ACP PNG14	0	DISTRICT TOWNS WATER SUPPLY	4,293,980		4,293,980					4,293,980
2007	9ACP PNG14	1	HYDROPLAN - TA SERVICE CONTRACT TO DISTRICT TOWNS	589,520	343,000	246,520					246,520
2007	9ACP PNG15	0	RURAL WATER SUPPLY AND SANITATION PROGRAMME PHASE II	14,700,100		14,700,100					14,700,100
2007	9ACP PNG15	1	HAREWELLE INTERNATIONAL LTD - TA TO THE RWS & SANITATION	2,299,900	1,060,000	1,239,900					1,239,900
2007	9ACP PNG15	2	RWSSP - START-UP PE PERIOD FROM DEC'08 TO 31 MAY 2009	0	0	0					0
2008	10ACP PNG1	0	INSTITUTIONAL CAPACITY BUILDING OF THE NAO SYSTEM IN PNG	4,490,000		4,490,000					4,490,000

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EDF FORECASTS 2009-2010: NEW INDIVIDUAL Commitments (including payments) on ONGOING PROJECTS.

(amounts in €)

ACCOUNTING YEAR	YEAR GLOBE COMMIT	TITLE INDIVIDUAL COMMITMENT	FORECASTS 1 st SEM 2009			FORECASTS 2 nd SEM 2009			FORECASTS 1 st SEM 2010			FORECASTS 2 nd SEM 2010										
			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	High			Low	Medium	High			Low	Medium	High					
TOTALS on NEW INDIVIDUAL Commitments			22,909,202	1,274,202	695,000	415,000	164,202	10,190,000	17,136,000	1,454,000	2,672,000	13,110,000	7,200,000	9,957,000	2,830,000	3,547,000	3,680,000	2,600,000	5,345,000	1,175,000	2,910,000	1,260,000
9ACP PNG1- 2007		Start-up Programme Estimate	125,000	125,000	100,000	25,000																
9ACP PNG1- 2007		Programme Estimate 1					250,000	100,000	75,000	25,000				150,000	100,000	25,000	25,000					
9ACP PNG1- 2007		Works Contract 1					900,000	300,000	300,000					600,000	600,000							
9ACP PNG1- 2007		Works Contract 2											1,050,000	300,000	300,000				400,000	400,000		
9ACP PNG1- 2007		Works Contract 3											1,000,000	300,000	300,000				400,000	400,000		
9ACP PNG1- 2007		Start-up Programme Estimate	235,000	150,000	100,000	50,000		85,000	35,000		50,000											
9ACP PNG1- 2007		Programme Estimate 1					400,000	150,000	100,000	100,000	50,000			250,000	150,000		100,000					
9ACP PNG1- 2002		PE 7 MSSP PMU	125,000	40,000	40,000			35,000	35,000					50,000	50,000							
9ACP PNG1- 2002		PE 4 Geomap	650,000	200,000	200,000			250,000	150,000	100,000				200,000	200,000							
9ACP PNG1- 2002		PE 2 SSMT	350,000	100,000	100,000			150,000	150,000					100,000	100,000							
9ACP PNG1- 2002		Mid Term Review MSSP	200,000	120,000	120,000			80,000	80,000													
9ACP PNG1- 2002		Waste Mgt Policy - TA Service Contract					700,000	140,000		140,000				100,000	100,000				100,000	100,000		
9ACP PNGE 2005		Textbook & Library book supply	14,500,000					10,000,000			10,000,000			500,000			500,000					
9ACP PNGE 2005		GRA - End of Term Evaluation	20,000	20,000	15,000																	
9ACP PNGE 2007		operational PE 1	160,000					130,000	65,000		65,000			30,000	15,000		15,000					
9ACP PNGE 2007		operational PE 2										160,000	130,000	65,000		65,000			30,000			30,000
9ACP PNGE 2007		grants PE 1 (local grants)	380,000						230,000	230,000				150,000	75,000		75,000					
9ACP PNGE 2007		grants PE 3 (local grants)					800,000		480,000	480,000				480,000	480,000				320,000	160,000		160,000
9ACP PNGE 2007		grants PE 2 (central grants)	380,000					150,000	150,000					115,000	115,000				115,000	115,000		
9ACP PNGE 2007		grants PE 4 (central grants)					400,000		160,000	160,000				160,000	160,000				160,000	160,000		
9ACP PNGE 2007		short term TA	30,000					30,000		30,000		60,000		160,000		160,000			60,000	60,000		
9ACP PNGE 2007		framework contract short term TA	170,000	100,000		100,000								70,000		70,000						
9ACP PNG1- 2007		long term TA - service contract					530,000	106,000		106,000				106,000	106,000				106,000	106,000		
9ACP PNG1- 2007		short term TA	30,000					30,000		15,000	15,000		50,000	20,000		10,000			30,000	15,000		15,000
9ACP PNGE 2007		mid-term evaluation						70,000		42,000	42,000		70,000	42,000		28,000			28,000	28,000		
9ACP PNGE 2007		mid-term evaluation						20,000		20,000	20,000		35,000	20,000		15,000			15,000	15,000		
9ACP PNGE 2007		operational PE 1	100,000					70,000		35,000	35,000					20,000		10,000				
9ACP PNG1- 2007		operational PE 1	125,000	50,000		50,000		75,000		25,000	50,000											
9ACP PNG1- 2007		operational PE 2										125,000	50,000			50,000			75,000		50,000	25,000
9ACP PNG1- 2007		short term TA	60,000					60,000		40,000	20,000		60,000	30,000		30,000			30,000	30,000		
9ACP PNGE 2007		mid-term evaluation						50,000		30,000	30,000			30,000		20,000			20,000	20,000		
9ACP PNG1- 2007		Audit individual commitments districts/LLGs					50,000	30,000		30,000			50,000	50,000	30,000		20,000		20,000	20,000		
9ACP PNG 2008		long term TA - service contract	1,900,000					930,000		930,000				170,000	170,000				170,000	170,000		
9ACP PNG 2008		operational PE 1					120,000	60,000		40,000	20,000			60,000	40,000		20,000					
9ACP PNG 2008		specific commitments short TA (preparation RS)					70,000	40,000		40,000			200,000	150,000		150,000		100,000	130,000		80,000	50,000
9ACP PNGE 2004		ex-post evaluation					70,000							42,000	42,000				28,000	28,000		
9ACP PNG1- 2007		grants PE 1	600,000	240,000		240,000		240,000		200,000	40,000			120,000	20,000		100,000					
9ACP PNG1- 2007		grants PE 2					300,000	360,000		300,000	60,000			560,000	300,000		60,000		180,000		60,000	120,000
9ACP PNG1- 2007		grants PE 3										2,100,000	840,000		840,000				840,000	500,000		340,000
9ACP PNG1- 2007		grants PE 4																				
9ACP PNG1- 2007		operational PE 1										120,000						2,500,000	840,000	1,000,000		40,000
9ACP PNG1- 2007		Large Grants 1					2,000,000	1,000,000		1,000,000				1,000,000	500,000		500,000		60,000			20,000
9ACP PNG1- 2007		Large Grants 2										2,000,000	1,000,000		500,000		500,000		1,000,000		500,000	500,000
9ACP PNG1- 2000		End of Term Evaluation																	1,000,000		500,000	500,000
9ACP PNG1- 2000		End of Term Evaluation																				
9ACP PNG1- 2002		Audit MSSP	50,000	10,000	10,000			40,000	4,000	4,000												
9ACP PNG3 2005		Audit GRA II PE2					20,000	4,000	4,000					16,000	16,000							
9ACP PNG4 2005		Audit RWSSP phase 1	50,000	10,000	10,000			40,000	40,000													
9ACP PNGE 2005		Audit ETHRDP PE1					20,000	4,000		4,000									16,000		16,000	
9ACP PNGE 2005		School Leadership Management Training	1,000,000					500,000		500,000									500,000	500,000		
9ACP PNGE 2005		Primary schools Teacher Scholarship Prog/Grants					1,000,000	250,000		250,000									500,000	500,000		
9ACP PNGE 2005		Capacity Building Integrated Comm Dev/non formal Educ	350,000					175,000		175,000												
9ACP PNGE 2005		Research Activities	200,000					150,000		150,000									50,000	50,000		
9ACP PNGE 2005		Infrastructure for PTCs & VTCs	1,000,000					250,000		250,000									500,000	500,000		
9ACP PNGE 2005		PE 2					500,000	300,000		300,000												
9ACP PNGE 2005		Management Skills Development					1,000,000	250,000		250,000									500,000	500,000		
9ACP PNG7 2006		Audit IRPEF					20,000	100,000		100,000												
9ACP PNG1 2004		Audit PE 3	30,000	20,000		20,000		10,000	2,000	2,000				8,000	8,000							



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PAPUA NEW GUINEA

EDF FORECASTS 2009-2010 : NEW GLOBAL Commitments (including individual commitments & Payments).

(amounts in €)

- NB : only one row per global commitment -

EUROPEAN
COMMISSION



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ESTIMATED DECISION DATE	TITLE ACTION FICHE	CATEGORY	AMOUNT	RISK L, M, H	IF estimated sent date at HC	AF estimated sent date at HC	FORECASTS 1 st SEM 2009			FORECASTS 2 nd SEM 2009			FORECASTS 1 st SEM 2010			FORECASTS 2 nd SEM 2010							
							INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS Low L Medium M High H	INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS Low L Medium M High H	INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS Low L Medium M High H	INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS Low L Medium M High H					
TOTALS on NEW GLOBAL Commitments.			78,500,000				0	0	0	0	0	0	0	5,000,000	1,000,000	0	0	1,000,000	0	0	0	0	0
11/2009	Rural Economic Development	PROJECT	39,500,000	H	Dec-2008	Jun-2009								5,000,000	1,000,000			1,000,000					
03/2010	Human Resource Development	PROJECT	39,000,000	H	Mar-2009	Feb-2010																	



PAPUA NEW GUINEA

EDF FORECASTS 2009-2010 : NEW GLOBAL Commitments (including individual commitments & Payments).

(amounts in €)

- NB : only one row per global commitment -

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ESTIMATED DECISION DATE	TITLE ACTION FICHE	CATEGORY	AMOUNT	RISK L, M, H	IF estimated sent date at	AF estimated sent date at HC	FORECASTS 1 st SEM 2009			FORECASTS 2 nd SEM 2009			FORECASTS 1 st SEM 2010			FORECASTS 2 nd SEM 2010		
							INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS Low L Medium M High H	INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS Low L Medium M High H	INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS Low L Medium M High H	INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS Low L Medium M High H

Accounting Nbr of EG	Title	End date	Category of rider	Amount Ceiling	Extension End Date	Budget Reallocation	Modif ^o DTA	Forecast month sent to HQ	Motives	Comments
				Increase (+) or Decrease(-)						
9ACP ML120	Example	11/11/2008	RIDER BS	10,000,000	x		x	January	Other (to explain in comments)	this is an example
	Global rider of multi financing agreements for paying agent chosen by the commission (removal of the paying accounts for the local payments of the FDF)									
	Global rider of multi financing agreements for Global rider to the 9th EDF Financing Agreements following the revision of the Annex IV									
9ACP PNG6	Rider to the Financing Agreement on the "Education, Training and Human Resources Development	27/12/2009	RIDER Project		X			March	Other (to explain in comments)	Project planned as five years project. Agreement on the principle already given by HQ

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SUMMARY of EDF FORECASTS - 2009 & 2010 - RESUME DES PREVISIONS FED

PAPUA NEW GUINEA

PAYMENTS - PAIEMENTS

SUMMARY of	FORECASTS PER RISK PROFILE - 2009 - PREVISIONS SELON PROFIL DE RISQUE										
	1st SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	2nd SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	ANNUAL TARGET
PAYMENTS ON ONGOING INDIV. COMMIT.	11,329,604	6,736,364	3,064,804	1,528,435	8,268,766	5,757,631	3,694,144	1,365,172	698,315	4,376,730	12,645,496
PAYMENTS on NEW INDIV. COMMIT.**	1,274,202	695,000	415,000	164,202	902,500	17,136,000	1,454,000	2,572,000	13,110,000	2,740,000	3,642,500
PAYMENTS on NEW GLOBAL COMMIT.***	0	0	0	0	0	0	0	0	0	0	0
TOTAL	12,603,806	7,431,364	3,479,804	1,692,638	9,171,266	22,893,631	5,148,144	3,937,172	13,608,315	7,116,730	16,287,996

*paiements sur engagements individuels en cours. **paiements sur nouveaux engagements individuels. ***paiements sur nouveaux engagements globaux

SUMMARY of	FORECASTS PER RISK PROFILE - 2010 - PREVISIONS SELON PROFIL DE RISQUE										
	1st SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	2nd SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	ANNUAL TARGET
	2,657,824	1,752,824	755,000	150,000	2,130,324	3,021,755	1,266,255	1,605,500	150,000	2,069,005	4,199,329
	9,957,000	2,830,000	3,547,000	3,580,000	4,603,500	5,345,000	1,175,000	2,910,000	1,260,000	2,630,000	7,233,500
	1,000,000	0	0	1,000,000	0	0	0	0	0	0	0
TOTAL	13,614,824	4,582,824	4,302,000	4,730,000	6,733,824	8,366,755	2,441,255	4,515,500	1,410,000	4,699,005	11,432,829

NEW INDIVIDUAL COMMITMENTS - NOUVEAUX ENGAGEMENTS INDIVIDUELS

SUMMARY of	FORECASTS PER RISK PROFILE - 2009 - PREVISIONS SELON PROFIL DE RISQUE										
	1st SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	2nd SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	ANNUAL TARGET
NEW INDIV. ON ONGOING GLOBAL COMMIT.	22,909,202	12,495,582	7,461,391	2,952,230	16,226,277	10,190,000	864,628	1,529,451	7,795,921	1,629,353	17,855,631
NEW INDIVIDUAL on NEW GLOBAL COMMIT.**	0	0	0	0	0	0	0	0	0	0	0
TOTAL	22,909,202	12,495,582	7,461,391	2,952,230	16,226,277	10,190,000	864,628	1,529,451	7,795,921	1,629,353	17,855,631

*nouveaux engagements individuels sur engagements globaux en cours. **nouveaux engagements individuels sur nouveaux engagements globaux.

SUMMARY of	FORECASTS PER RISK PROFILE - 2010 - PREVISIONS SELON PROFIL DE RISQUE										
	1st SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	2nd SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	ANNUAL TARGET
	7,200,000	2,046,400	2,564,869	2,588,732	3,328,834	2,600,000	571,562	1,415,529	612,909	1,279,326	4,608,160
	5,000,000	0	0	5,000,000	0	0	0	0	0	0	0
TOTAL	12,200,000	2,046,400	2,564,869	7,588,732	3,328,834	2,600,000	571,562	1,415,529	612,909	1,279,326	4,608,160

NEW GLOBAL COMMITMENTS - NOUVEAUX ENGAGEMENTS GLOBAUX

SUMMARY of	FORECASTS PER RISK PROFILE - 2009 - PREVISIONS SELON PROFIL DE RISQUE										
	1st SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	2nd SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	ANNUAL TARGET
TOTAL	0	0	0	0	0	39,500,000	0	0	39,500,000	0	0

SUMMARY of	FORECASTS PER RISK PROFILE - 2010 - PREVISIONS SELON PROFIL DE RISQUE										
	1st SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	2nd SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	ANNUAL TARGET
TOTAL	39,000,000	0	0	39,000,000	0	0	0	0	0	0	0

REDUCTION OF OLD RAL - REDUCTION DU VIEUX RAL

SUMMARY of	FORECASTS PER RISK PROFILE - 2009 - PREVISIONS SELON PROFIL DE RISQUE										
	1st SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	2nd SEMESTER	LOW L	MEDIUM M	HIGH H	Target 100%L-50%M	ANNUAL TARGET
TOTAL	7,809,000	4,770,693	2,035,000	1,003,307	5,788,193	8,969,904	7,667,732	1,152,172	150,000	8,243,818	14,032,011

DECOMMITMENTS - DEGAGEMENTS

Return from the Project - 1 st Sem. 2009 - En réduction du projet	1,706,657
Return from the Project - 2 nd Sem. 2009 - En réduction du projet	7,443,485

RAL SITUATION

	SITUATION 01/01/2009		SITUATION 31/12/2009	
	ALL PROJECTS TOUS PROJETS	PROJECTS / PROJETS - 2004	ALL PROJECTS TOUS PROJETS	PROJECTS / PROJETS - 2004
Σ Ongoing GLOBAL COMMITMENTS Σ Engagements Globaux en cours R A C	209,588,797	97,825,297	205,429,726	94,871,295
To be contracted - Reste A Contractor R A P	83,809,185	7,122,754	63,213,879	3,399,447
To be paid - Reste A Payer R A L	37,973,805	19,379,888	33,130,974	9,071,184
To be Consumed - Reste A Liquider % RAL / Σ GLOBAL COMMIT.	121,782,991	26,502,642	96,344,853	12,470,631
Nbr of years to absorb RAL Nbr d'années pour absorber le RAL	59%	27%	47%	13%
	7		6	

RIDERS - AVENANTS

Ceiling increase riders / Augmentation de plafond	0	0
Ceiling decrease riders / Réduction de plafond	0	0
Extension Date / Extension de date		1
Budgetary reallocation / Réallocation budgétaire		0
Modification TAP / Modification DAT		0
TOTAL		1
number of projects / nombre de projets		

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PAPUA NEW GUINEA

Date	Accounting Number Numéro Comptable	TITLE of Project INTITULE du Projet	GLOBAL Commit Engagem ^t GLOBAL	INDIVIDUAL COMMITMENT ENGAGEMENT INDIVIDUEL				PAYMENT PAIEMENT				DECOMMIT ^t 2009 DEGAGEMENT		CONTROL	
				Situation 01/01/09		Forecast / Prévisions		Situation 01/01/09		Forecast / Prévisions		Return to NIP Retour au PIN	Return to Project Retour au Projet	RAC	RAP
				Contracted Contracté	RAC	2009	2010	Paid Payé	RAP	2009	2010			after Forecast après Prévisions	after Forecast après Prévisions
				125,779,612	83,809,185	33,099,202	14,800,000	87,805,807	37,973,805	35,497,437	21,981,579	9,150,142	1,419,395		
1995	9ACP PNG11	(EX 07 P009) LOME IV MICROPROJECT PROGRAMME	2,554,349	2,554,349	0	0	2,554,349	0	0	0	0	0	0	0	0
1995	9ACP PNG16	(EX 07 P017) HUMAN RESOURCES DEVELOPMENT PROGRAMME	599,620	599,620	0	0	598,858	762	0	0	762	0	0	0	0
1999	8ACP PNG3	HUMAN RESOURCES DEVELOPMENT PROGRAMME 2 (HRDP 2)	22,029,896	21,787,307	242,588	0	21,731,221	56,086	0	0	0	56,083	298,671	3	
1999	8ACP PNG4	EU PROGRAMME MGMT UNIT IN SUPPORT OF NAO	1,968,848	1,961,078	7,770	0	1,890,320	70,758	0	0	0	0	7,770	70,758	
1999	8ACP PNG5	ECO-FORESTRY PROGRAMME	6,193,863	6,041,131	152,732	0	5,841,976	199,155	0	0	351,888	0	0	-1	
2000	8ACP PNG16	GAZELLE RESTORATION AUTHORITY MT RESTORATION PROGRAMME	0	-4,827	4,827	0	-4,827	0	0	0	4,827	0	0	0	
2000	8ACP PNG18	STABEX 99 COFFEE RAW OR ROASTED	732,407	643,205	89,202	89,202	0	643,205	732,407	0	0	0	0	0	
2000	8ACP PNG19	SEXUAL HEALTH	2,510,842	2,505,054	5,788	0	2,439,827	65,227	0	0	54,649	0	5,788	10,578	
2000	8ACP PNG17	RURAL COASTAL FISHERIES DEVELOPMENT PROJECT-PIS	6,000,000	4,448,953	1,551,047	0	3,731,504	717,449	240,900	0	2,027,596	0	0	0	
2000	9ACP PNG17	(EX 07 P058) GAZELLE RESTORATION AUTHORITY MT RESTORATION	235,473	88,876	146,597	0	88,876	0	0	0	146,597	0	0	0	
2002	8ACP PNG18	MINING SECTOR SUPPORT (MSS)	50,000,000	46,176,595	3,823,405	2,075,000	29,399,468	16,777,127	11,270,361	4,009,079	0	1,338,814	3,087,219	2,233,873	
2002	8ACP PNG15	IMPROVMENT OF RURAL PRIMARY EDUCATION FACILITIES IRPEF	5,000,000	3,901,201	1,098,799	0	3,051,083	850,118	50,000	0	1,898,917	0	0	0	
2004	9ACP PNG1	TECHNICAL COOPERATION FACILITY (TCP)	1,990,000	1,910,345	79,655	30,000	1,220,333	690,012	30,000	0	657,012	0	49,655	33,000	
2004	9ACP PNG2	EUROPEAN UNION SUPPORT PROGRAMME TO THE NAO	4,200,000	3,580,276	619,724	120,000	1,799,555	1,780,720	510,000	90,000	1,300,720	0	499,724	0	
2005	9ACP PNG3	GAZELLE RESTORATION AUTHORITY II MEDIUM TERM RESTORATION PRG	4,900,000	4,854,098	45,902	40,000	3,918,805	935,294	470,932	16,000	469,264	19,098	25,000	0	

PAPUA NEW GUINEA

Date	Accounting Number Numéro Comptable	TITLE of Project INTITULE du Projet	GLOBAL Commit' Engagem' GLOBAL	INDIVIDUAL COMMITMENT ENGAGEMENT INDIVIDUEL				PAYMENT PAIEMENT				DECOMMIT ¹ 2009 DEGAGEMENT		CONTROL	
				Situation 01/01/09		Forecast / Prévisions		Situation 01/01/09		Forecast / Prévisions		Return to NIP Retour au PIN	Return to Project Retour au Projet	RAC	RAP
				Contracted Contracté	RAC	2009	2010	Paid Payé	RAP	2009	2010				
				125,779,612	83,809,185	33,099,202	14,800,000	87,805,807	37,973,805	35,497,437	21,981,579	9,150,142	1,419,395		
2005	9ACP PNG4	RURAL WATER SUPPLY AND SANITATION PROGRAMME (PHASE I)	8,000,000	6,925,379	1,074,621	50,000	0	5,084,025	1,841,355	861,436	0	2,054,539	0	0	1
2005	9ACP PNG6	EDUCATION, TRAINING AND HUMAN RESOURCES DEVELOPMENT PROGRAMM	39,000,000	8,197,768	30,802,232	19,970,000	0	2,520,295	5,677,474	13,520,703	2,764,000	0	0	10,832,232	9,362,771
2006	9ACP PNG7	IMPROVEMENT OF RURAL PRIMARY EDUCATION FACILITIES (IRPEF)	1,000,000	809,552	190,448	10,000	0	766,877	42,675	41,752	8,000	183,371	0	0	0
2007	9ACP PNG8	FINANCING AGREEMENT - SUPPORT TO NON STATE ACTORS	5,000,000	992,350	4,007,650	2,150,000	340,000	304,903	687,447	810,000	2,140,000	0	57	1,517,707	227,390
2007	9ACP PNG9	TRADE RELATED ASSISTANCE TO PNG	560,000	216,000	344,000	270,000	35,000	210,657	5,343	170,000	135,000	0	5,343	44,343	0
2007	9ACP PNG10	TRADE RELATED ASSISTANCE TO PNG	2,440,000	0	2,440,000	560,000	50,000	0	0	136,000	262,000	0	0	1,830,000	212,000
2007	9ACP PNG12	STRENGTHENING OF DISTRICTS AND LOCAL LEVEL GOVERNMENTS IN PA	15,000,000	1,418,680	13,581,320	1,735,000	4,905,000	407,904	1,010,776	1,470,096	3,965,000	0	0	6,941,320	2,215,680
2007	9ACP PNG13	DISASTER RISK REDUCTION IN EIGHT PACIFIC STATES	3,300,000	3,283,200	16,800	0	0	249,798	3,033,402	1,389,850	902,500	0	0	16,800	741,052
2007	9ACP PNG14	DISTRICT TOWNS WATER SUPPLY	4,883,500	589,520	4,293,980	1,275,000	2,050,000	0	589,520	718,000	2,300,000	0	0	968,980	896,520
2007	9ACP PNG15	RURAL WATER SUPPLY AND SANITATION PROGRAMME PHASE II	17,000,000	2,299,900	14,700,100	2,635,000	2,000,000	0	2,299,900	2,045,000	3,650,000	0	0	10,065,100	1,239,900
2008	10ACP PNG1	INSTITUTIONAL CAPACITY BUILDING OF THE NAO SYSTEM IN PNG	4,490,000	0	4,490,000	2,090,000	420,000	0	0	1,030,000	740,000	0	0	1,980,000	740,000

NEW GLOBAL COMMITMENT - NOUVEAUX ENGAGEMENTS GLOBAUX

2009	10ACP xxx	Rural Economic Development	39,500,000			0	5,000,000			0	1,000,000			34,500,000	4,000,000
2010	10ACP xxx	Human Resource Development	39,000,000			0	0			0	0			39,000,000	0

PAPUA NEW GUINEA

Date	Accounting Number Numéro Comptable	TITLE of Project INTITULE du Projet	GLOBAL Commit' Engagem' GLOBAL	INDIVIDUAL COMMITMENT ENGAGEMENT INDIVIDUEL				PAYMENT PAIEMENT				DECOMMIT 2009 DEGAGEMENT		CONTROL	
				Situation 01/01/09		Forecast / Prévisions		Situation 01/01/09		Forecast / Prévisions		Return to NIP Retour au PIN	Return to Project Retour au Projet	RAC	RAP
				Contracted Contracté	RAC	2009	2010	Paid Payé	RAP	2009	2010			after Forecast après Prévisions	after Forecast après Prévisions
				125,779,612	83,809,185	33,099,202	14,800,000	87,805,807	37,973,805	35,497,437	21,981,579	9,150,142	1,419,395		

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ANNEX 3.C

**BUDGET FORECASTS
2009-2010**





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PAYS : PAPUA NEW GUINEA			PREVISIONS SUR CONTRATS EN COURS		Nouv. CONTRATS sur PROJETS EN COURS (y compris appels à propositions locaux)				Nouv. CONTRATS sur PROJETS A DECIDER EN 2009			
Lignes budgétaires	Code	Intitulé	PAIEMENTS		CONTRATS		PAIEMENTS		CONTRATS		PAIEMENTS	
			2009 Sem 1	2009 Sem 2	2009 Sem 1	2009 Sem 2	2009 Sem 1	2009 Sem 2	2009 Sem 1	2009 Sem 2	2009 Sem 1	2009 Sem 2
19.0401	EIDHR	Démocratie et Droits de l'Homme										
19.0405 + 19.0403	DDH	DDH - Completion					300.000					
19.060102	MAP	MAP - Completion										
19.0603	DRG ou IFS	Lutte contre le crime organisé, trafic, terrorisme										
21.0201	FOOD ou DCI-FOOD	Sécurité Alimentaire										
21.0202	FOOD	Aide Alimentaire - Completion										
21.0301	NSAED-NSAPVD	Acteurs non étatiques de Développement	1.323.503	74.675			1.000.000					
21.0302	DCI-NSA	Autorités locales et Dév.										
21.0401 + 21.0205	ENV ou DCI-ENV	Environnement	476.411	0								
21.0406	PP-AP	Gestion des Eaux dans PVD										
21.050101	DCI-SANTE	Santé										
21.050102	DCI-EDUC	Enseignement										
21.050103	DCI-HUM	Dév. humain et social										
21.050104	DCI-GENRE	GENRE										
21.0503	SANTE - GENRE - EDUCATION	Dév. humain et social-Compl										
21.0602 + 21.0317	AFS	SOUTH AFRICA										
21.0603	SUCRE	SUCRE										
21.0605 + 21.0318	BAN	BANANES										
19.060101	FRM - IFS	Stability-Rapid React ^o Mechan.										
21.010420+21.0702	GREENLAND	Cooperation with Greenland										
21.060400	REH	Réhabilitat ^o /Réfugiés										
21.080100	EVA	Evaluation										
21.080200	INFO	Informat ^o & coordinat ^o (DG DEV)										
19.010407	BA - EIDHR	Crédits BA-gestion administrative										
21.010401	BA - FOOD	Crédits BA-gestion administrative										
TOTAL PAYS			1.799.914	74.675	0	1.300.000	0	0	0	0	0	0

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