



Australian Government
AusAID

ASFII Strategic Plan 2007

Doc 54469 version 4 2007

February 2007

T a b l e o f C o n t e n t s

1. INTRODUCTION	1
1.1 The Advisory Support Facility Phase II	1
1.2 Goal and purpose of ASF	1
1.3 About this document	1
2. INFLUENCES ON ASFII FOR 2007	2
2.1 Introduction	2
2.2 Australia's White Paper on Aid	2
<i>Australian Aid: Promoting Growth and Stability</i> , released in 2006,	2
2.3 PNG – Australia Development Cooperation Strategy	2
2.4 GoPNG Priorities and Initiatives for 2007	3
2.5 Enhanced Cooperation Program	4
2.6 Sub National Strategy	4
2.7 ASFII closure March 2008	5
3. PRIORITIES FOR 2007	6
3.1 Priority 1: Setting Directions and Operationalising Plans	6
3.2 Priority 2: Improving Performance and Accountability	6
3.3 Priority 3: Public Expenditure Management	7
3.4 Priority 4: Tackling HIV/AIDS in the workplace	7
4. PRIORITY AGENCIES AND LOCATIONS 2007	8
4.1 Central and key agencies	8
4.2 Line departments and other institutions	8
4.3 Sub-national levels of government	9
4.4 Other placements	9
5. GENERAL GUIDING PRINCIPLES FOR ASF II	9
6. ASFII – FOCUS ON CAPACITY DEVELOPMENT	10

Table of Contents

6.1	Definition and application within ASFII _____	10
6.2	The elements of capacity development in ASFII _____	10
7.	ASFII APPROACHES AND METHODS 2007 _____	11
7.1	Making the best use of the facility _____	11
7.2	Progressive engagement _____	12
7.3	Focus on evaluation and impact _____	12
8.	CONCLUSION _____	12

A b b r e v i a t i o n s

AMC	Australian Managing Contractor
ASFI	Advisory Support Facility Phase I
ASFII	Advisory Support Facility Phase II
CACC	Central Agencies Coordinating Committee
DPM	Department of Personnel Management
DPLGA	Department of Provincial and Local Level Government Affairs
DNPM	Department of National Planning and Monitoring
FMG	Facility Management Group
GoA	Government of Australia
GoPNG	Government of PNG
MTDS	Medium Term Development Strategy
NEFC	National Economic and Fiscal Commission
PATTS	PNG Australia Treasury Twinning Scheme
PERR	Public Expenditure and Rationalisation Review
PDD	Program Design Document
PRD	Performance Review and Dialogue
PSR	Public Sector Reform
SPSPSR	Strategic Plan in Support of Public Sector Reform
PSRMU	Public Sector Reform Management Unit
PSWDI	Public Sector Workforce Development Initiative
SNI	Sub National Initiative
SNS	Sub National Strategy
TOR	Term/s of Reference

1. INTRODUCTION

1.1 The Advisory Support Facility Phase II

The second phase of the PNG Advisory Support Facility [ASFII], a partnership development program of the Australian and PNG governments, is operating from April 2003 to March 2008. ASFII supports PNG public sector agencies to address priority development and reform needs, through the provision of advisers to work in collaboration with officers in these agencies, with a strong emphasis on capacity building to ensure sustainability of reforms.

1.2 Goal and purpose of ASF

The **goal** of ASFII is to support government agencies in PNG to develop and implement accountable policies, plans and systems and thereby contribute to enhanced service delivery.

The **purpose** of ASFII is to assist the GoPNG to implement reforms in public sector management and administration. This will be done through adviser placements that focus on capacity building of both individuals and organisations, with an emphasis on systems, policy, planning, accountability, management, administration and compliance. The intended outcome is sustained performance improvement within the public service leading to more effective and efficient service delivery.

1.3 About this document

This document is the 2007 revision of the *Strategic Plan* developed by the major ASFII stakeholders initially in January 2004 and then revised in 2005 and 2006. This plan provides the ASFII Board of Management¹ with a framework for shaping the uses of the facility generally and guides them when considering specific adviser placement requests. It will also be used by the MC to ensure that the most effective use is made of the resources available to ASFII during 2007.

This *Strategic Plan* is not a static document – it is reviewed annually, and more frequently if necessary, to take account of changes within the PNG development environment, Australian and GoPNG policy, or other situational developments. However, it is considered that this will be the final *Strategic Plan* for ASFII as the facility will close on 31 March 2008. This version of the plan will guide the operation of ASFII through to this end-date.

¹ Also known as the Facility Management Group [FMG].

2. INFLUENCES ON ASFII FOR 2007

2.1 Introduction

There are a number of influences operating to shape and direct ASFII during the final 15 months of its operation. Some of these are similar influences to those that have shaped the facility over the past three years, although there were some new developments during 2006 (and also others planned for 2007) that need to be taken into account.

2.2 Australia's White Paper on Aid

Australian Aid: Promoting Growth and Stability, released in 2006, provides the strategic framework to guide the direction and delivery of Australia's overseas aid program over the next ten years. It underlines the Australian Government's commitment to a flexible, responsive and effective aid program that has the overall objective of assisting developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest.

In order to achieve this objective, Australia's aid program will be organised around four themes: accelerating economic growth; fostering functioning and effective states; investing in people; and promoting regional stability and cooperation. Strategies to ensure the effectiveness of this aid program include: strengthening the performance orientation of the aid program; combating corruption; enhancing Australia's engagement with the Asia-Pacific region; and working in partnership with regional governments and other donors.

The White Paper makes a clear commitment to supporting development in PNG and proposes an increase in the aid allocation to PNG, subject to further reform and continued improved performance by the GoPNG. ASFII, being AusAID-funded,

2.3 PNG – Australia Development Cooperation Strategy

As an AusAID-funded partnership program, ASFII is significantly influenced by discussions and agreements between the Australian and PNG governments. In 2006, following the Ministerial Forum in December 2005, a framework for a new Australian aid strategy in PNG was drafted.² This strategy supports PNG in reducing poverty and promoting sustainable development with a specific focus on four core areas: improved governance and nation building; sustainable broad-based economic growth and increased productivity; improved service delivery and stability; and a strengthened, coordinated and effective response to the HIV/AIDS epidemic.

The *Development Cooperation Strategy* '...reflects a genuine partnership between PNG and Australia that is driven by PNG ownership and leadership with a strong

² See *PNG-Australia Development Cooperation Strategy 2006-2010*, Draft, 2006.

emphasis on sustainability and capacity building...'.³ It is aligned with the Australian *White Paper*, the *Medium Term Development Strategy 2005-2010* [MTDS] and other key policy elements such as: Australia's whole of government engagement on development issues in PNG; a focus on aid impact and effectiveness; and a Performance Review and Dialogue [PRD] based on PNG's own Performance Management Framework.

Taking account of the themes within this Strategy, in 2007 ASFII will support advisory placements that will contribute to better governance, improved service delivery and a coordinated, more effective response to the HIV/AIDS epidemic. The management of the facility will reflect the concepts of partnership, PNG ownership and capacity building as outlined above as well as picking up on the themes of whole of government engagement and aid effectiveness.

2.4 GoPNG Priorities and Initiatives for 2007

PNG's *Medium Term Development Strategy 2005-2010* [MTDS] is in place as the overarching plan for social and economic development in PNG and the overall *2007 Budget* and the *Development Budget* were framed to address the priorities outlined within it. As outlined in the MTDS, the GoPNG's development goals are export-driven growth, rural development and poverty reduction. The MTDS priorities remain relevant in 2007 – transport infrastructure, promoting income earning, basic education, primary health care, HIV/AIDS prevention, and law and justice. In addition, as agreed in the *Development Cooperation Strategy* discussions, governance and corruption are two major focus areas that will be explored further in 2007.

Work will continue in implementing public sector reform through the *Strategic Plan for Supporting PSR in PNG* [SPSPSR] and related annual *Workplans*. The priorities are clear and central, line and sub-national agencies are implementing, to different degrees and at varied rates, the reforms outlined within this Plan. The objectives for reform are defined in the SPSPSR as: a public sector with a clear sense of priorities; affordable government; improving performance, accountability and compliance; improving service delivery. The plan notes that critical areas for public sector reform in PNG are: reducing costs and waste in national and provincial administrations; correcting the underlying weaknesses that fail to control spending and prevent waste; and strengthening the capacity of the central agencies. These all remain relevant for 2007. However, during this year, GoPNG will conduct a review of progress in the implementation of these reforms⁴ and this review will no doubt provide insights that will inform further PSR efforts.

Performance of government agencies and individual public servants working within them will continue to be of importance to GoPNG in 2007, with progress expected towards a whole of government Performance Framework during the year.

³ See *PNG-Australia Development Cooperation Strategy 2006-2010*, page i.

⁴ ASF will provide some support to this review, in the form of two external reviewers to work with PSRMU officers.

Accountability of government departments will also be a priority area and, with the formation of the new government after the July elections, the issue of right-sizing of government agencies is expected to come to the forefront of public administration discussions once again.

The Public Sector Workforce Development Initiative [PSWDI], a GoPNG initiative that has built momentum over the past two years, will see considerable efforts and progress in 2007. Under the direction of a major inter-departmental committee [the PSWDI IDC], several working groups are operating across the public service, focussing on different aspects of public sector growth and development. Initiatives such as a revised induction program for public servants and a Graduate Development Scheme are already anyway with PSWDI support and will be further progressed during 2007.

2.5 Enhanced Cooperation Program

The Enhanced Cooperation Program [ECP], jointly agreed by the PNG and Australian Governments in December 2003, has seen a considerable number of Australian public servants placed in GoPNG agencies since February 2004. These now well-established ECP placements will continue in 2007, with some being based within the same agencies as those requesting ASF support. There will therefore be a continuing need to find ways for ECP and ASF to operate in complementary ways rather than competing or duplicating efforts.

In 2007, ASFII will seek to engage more closely with ECP, through encouraging cooperation between ASF advisers and ECP officers (especially where placed in the same department). Also, ASFII will seek input and advice from ECP on the identification of needs and possible placements.

2.6 Sub National Strategy

In late 2004 AusAID began its Sub National Initiative [SNI] in PNG. As a part of this initiative, a number of ASF Advisers in key agencies (e.g. DPLGA and NEFC) have in 2006 been working towards SNI objectives, while remaining under the umbrella of ASF. During this year AusAID will further this initiative by appointing an International Service Provider to manage aspects of the implementation of the Sub National Strategy. Several ASF advisers will be transferred to SNS in July 2007 while other advisers remaining within ASF will work in cooperation with SNS team members during the year.

The major impact of SNS on ASFII in 2007 will be that advisory support requests from provincial administrations, including Bougainville, will be re-directed (at least in the first instance) to SNS rather than be funded through ASF as they have at times been in the past.

2.7 ASFII closure March 2008

ASFII will end in March 2008. With GoPNG and AusAID in agreement that there should be a follow-on facility (although the details of this are yet to be determined), it is expected that design work and consultation will be undertaken by AusAID and GoPNG during this year.

During 2007, partly to inform the design of a follow-on program, ASFII will focus on impact evaluation and documenting overall lessons learned. Other practical issues related to closure will need to be addressed during the year (e.g. arrangement for adviser contracts to extend beyond the closure date).

3. PRIORITIES FOR 2007

In seeking to achieve its goal and purpose, ASFII will seek to engage strategically and constructively with GoPNG agencies, AusAID, ECP and other aid donors to:

- identify areas where ASFII resources can most effectively be applied;
- scope, define and manage appropriate adviser placements.

ASFII recognises Australian and GoPNG policy priorities, particularly public sector reform priorities and suggestions for action in the *PERR Reports*. Based on these priorities, ASFII will focus on the following four key areas in 2007.

3.1 Priority 1: Setting Directions and Operationalising Plans

ASFII has provided substantial planning support to agencies in 2004-2006, encouraging the setting of clear directions through corporate and strategic planning processes. This support, combined with the work of central agencies (e.g. DPM) and individual agency efforts, means that many GoPNG agencies now have clearly stated and agreed overarching plans and corporate priorities. While some agencies may still need support to further clarify their purpose, direction and priorities it is now apparent that ASFII support should also be focused on related activities, such as: capturing the focus of sector plans within individual agencies; developing 'cascading' plans within departments (e.g. a division and branch level); more effectively linking planning, budgeting and organisational improvement; and the 'bedding down' of streamlined departmental structures.

Some observers have noted that at times planning seems to be an end in itself within some GoPNG agencies – there is often only limited concerted action towards implementation and change. It is accepted that this is often more difficult than the planning phase as it requires strong leadership, good management, staff motivation and the prioritisation of resources. Recognising both the need to operationalise plans and the difficulties facing GoPNG agencies in doing so, ASF will offer to assist departments in 2007 to bring plans 'off-the-shelf' and into the mainstream of administrative action and operation.

3.2 Priority 2: Improving Performance and Accountability

A number of PNG agencies have made considerable progress in establishing appropriate systems related to improving performance but the need to provide support in this area continues in 2007. The GoPNG, through work based on review and dialogue within DPM&NEC, DNPM and DPLGA, is addressing the general issue of performance within the public sector. These initiatives are likely to result in high-level agreement as to revised GoPNG processes related to performance monitoring and management and ASF will need to ensure that any support provided in 2007 is consistent with these developments. ASFII will therefore support agencies to develop and manage effective systems for measuring,

monitoring and reporting agency performance and improving performance appraisal systems for individual officers, within the revised GoPNG frameworks now under development.

This revised GoPNG approach will include a focus on accountability, by departments, authorities and managers at all levels. ASF advisory support in 2007 will therefore be available to assist departments to further improve the accountability of their processes and operations.

3.3 Priority 3: Public Expenditure Management

An important priority for ASFII over the past three years has been that of improving public expenditure management. As identified in early *PERR Reports*, individual agencies needed support to control spending, improve cost-effectiveness, strengthen the budget process, improve financial management, implement better control, accountability and compliance measures, and follow agreed procurement practices. While ECP is much involved in this area, particularly in the Departments of Finance and Treasury, ASFII has also made a significant contribution in this endeavour – and will continue to do so in its final 15 months of operation.

3.4 Priority 4: Tackling HIV/AIDS in the workplace

Recognising the ongoing importance of tackling the HIV/AIDS threat to PNG, ASFII will continue to provide support in 2007 in this area. As in 2006, all ASF Advisers will be tasked with assisting their host agency to address issues related to HIV/AIDS awareness and ongoing preventative action within the workplace. In 2007, direct support will be provided to the National AIDS Council Secretariat, in the form of several advisory placements focused on capacity building of NACS to coordinate the nation's efforts to control and defeat the threatening AIDS pandemic.

4. PRIORITY AGENCIES AND LOCATIONS 2007

In 2007 the priority locations for funding of advisory placements will be:

4.1 Central and key agencies

As in the past three years, advisory support will be targeted mainly at central agencies, the rationale being that they continue to be key drivers of reforms relating to the above ASFII priorities, especially priority 2 and 3 (improving performance/accountability and public expenditure management). The focus will be on locations where the advisory placement is likely to lead to flow-on effects within line departments and sub-national agencies, or where short-term practical effects are likely to be replicated in other locations. Key agencies include:

- Department of Prime Minister and National Executive Council
- Department of National Planning and Monitoring
- Department of Personnel Management, including direct support for the PSWDI Secretariat
- Department of Provincial and Local Level Government
- Department of Finance
- Department of Treasury
- Internal Revenue Commission
- Central Supply and Tenders Board
- National Economic and Fiscal Commission
- National AIDS Council Secretariat.

4.2 Line departments and other institutions

The focus within these levels will be on strategic interventions in support of government reforms. Placements will explore innovative approaches to policy implementation, improved service delivery, accountability and operationalising plans. Priority may be given to initiatives showing potential for replication of outcomes through similar initiatives in other line departments or agencies. ASFII placements are ongoing in 2007 in the following agencies:

- Department of Works
- Department of Lands and Physical Planning
- Department of Health
- National Research Institute
- PNG National Forest Authority.

4.3 Sub-national levels of government

ASFII will continue to provide support to assist sub-national levels of government, at least for the first half-year. However, once the SNS service provider is in place the current ASF advisers engaged in sub-national focused placements will be transferred to that program – this will be completed by July 2007. Requests for advisory support from provincial or local level agencies will therefore be referred to SNS in 2007, as ASFII disengages from this area.

Currently, ASFII does not have any advisers based in provinces except for limited ongoing support to the Bougainville Administration – this support also will be transferred to SNS from 1 July.

4.4 Other placements

The ASFII Board of Management may approve placements in other GoPNG locations, such as authorities, across two or more agencies, or to operate within a particular sector. These placements will support GoPNG-approved development priorities.

Other placements may be approved to assist GoPNG agencies to address cross-cutting issues such as poverty, gender, and the environment.

5. GENERAL GUIDING PRINCIPLES FOR ASF II

Guiding principles for ASFII operations include:

- ASFII works in partnership within government systems, building on existing priorities and activities in collaborative, flexible and innovative ways.
- The priorities for ASFII placements are determined by GoPNG and Australian Government policy and are responsive to PNG government reform strategies and evolving needs.
- All ASFII placements will seek to have a cost-effective, sustainable and measurable impact.
- Special emphasis will be placed on ASFII placements which will support implementation of GoPNG public sector reform priorities.
- ASFII placements target areas where they can build capacity of individuals and organisations.

6. ASFII – FOCUS ON CAPACITY DEVELOPMENT

6.1 Definition and application within ASFII

Capacity development (also known as ‘capacity building’) is at the core of advisory support within ASFII, with all advisers being required to focus their major efforts on developing or building capacity during their placements. Generally, ‘capacity development’ is a term used to describe a range of strategies, activities and methods employed within aid donor contexts to foster sustainable change. Specifically, within ASFII, capacity development/building is the ‘process of developing competencies and capabilities in individuals, groups, organisations... which will lead to sustained and self-generating performance improvement.’⁵

In terms of capacity development, ASFII operates at different levels, namely:

- The **individual** level, whereby ASF advisers work with identified individual officers (nominated as Key Agency Staff in each *ASF Partnership Agreement*) within their allocated GoPNG host agency or department;
- The **group** level, whereby individual advisers or a team of advisers work with GoPNG officers with a designated group of officers within a PNG Department or agency, in ways that will not only develop the skills of the officers involved but also will contribute to the improved operation over time of the overall group or division;
- The public sector **organisational** level, with individual advisers (or small teams of advisers) working to build capacity within GoPNG organisations’ functional units;
- The **cross-agency** level, with advisers contributing to capacity development within organisations that operate across departments (e.g. PSRMU, CSTB, CACC) or across public sector levels (e.g. advisers working with both national and provincial level agencies).

6.2 The elements of capacity development in ASFII

There are a number of essential elements for successful capacity development within ASFII:

- Capacity development efforts need to recognise the complexity (and sometimes competing demands) of the change process being embarked upon;
- Capacity development must seek to address the needs of all stakeholders engaged in the process;
- Capacity development initiatives should be driven by GoPNG officers and must be appropriate within the context of agreed public sector reform plans;

⁵ ASFII Project Design Document, November 2002.

- Capacity development requires a systemic approach that puts in place measures to build organisational capability (e.g. vision, strategy and policy) as well as building functional capacity (e.g. systems, processes) and the skills and knowledge of individual officers;
- All capacity development initiatives should take a long-term flexible approach, and will work within and build upon existing PNG systems – creating parallel non-sustainable systems in order to achieve outcomes in a shorter timeframe is not acceptable;
- Capacity development efforts should build on existing strengths, identify and address capacity gaps, and focus on sustainability of local systems and structures within a realistic resource-base and cultural context;
- Sustainability will only be achieved if there is strong ownership of the changes put in place. To achieve this there must be substantial stakeholder participation throughout any review, design and implementation phases, and within any systemic change process;
- Relationships will be a key element in any capacity development success. ASF advisers will need to establish sound professional relationships with nominated Key Agency Staff and agency management, based on mutual trust and respect.

7. ASFII APPROACHES AND METHODS 2007

7.1 Making the best use of the facility

ASFII is a *facility*, with the ability to respond flexibly. It is important that it be used in ways that make the best use of these flexible characteristics.

However, ASFII has limitations, particularly in its use of advisory placements for relatively short time periods (12-24 months). ASFII therefore does not compete with or duplicate existing major programs, nor undertake major new development projects.

What ASFII does best is to provide well-planned placements of high-quality professional advisers to work collaboratively with nominated agency staff towards agreed priorities. It will always seek to provide advisers who are adaptable and capable of working effectively in the PNG environment; who have excellent interpersonal and communication skills; and who are committed to capacity building and mentoring of their nominated GoPNG colleagues.

ASFII will seek opportunities to promote good governance and support public sector reform through assisting with initiatives to improve public service management and administration by placing an Adviser, or where appropriate, a team of Advisers, into situations where the opportunity is likely to:

- Support the implementation of an existing or proposed GoPNG public sector reform priority;

- Assist GoPNG agencies to achieve specific, limited yet key development outcomes (mainly delivery of core policy formulation and planning and core common functions);
- Build the capacity (competencies and capabilities) of individuals, groups and organisations, in areas identified by GoPNG agencies, which will lead to sustained and self-generating performance improvement of the agency;
- Prepare the way for, complement or consolidate an existing, planned or completed AusAID or GoPNG project;
- Complement existing Enhanced Cooperation Program assignment/s or address priority needs as identified by ECP officers;
- Support or complement ‘twinning schemes’ between PNG and Australian agencies (e.g. Finance Twinning Scheme, PATTS).

7.2 Progressive engagement

The ASF Board of Management is committed to a progressive engagement approach, whereby it assists agencies with an initial advisory placement with a view to later providing further appropriate assistance where the partnerships proves to be fruitful. At times ASFII will make single adviser placements (especially initially) but for longer-term or substantial inputs, the Board prefers to use a team-based approach, consisting of two or more advisers. Where the team consist of more than two advisers, the Board of Management may appoint a Senior Adviser to coordinate the work of the team.

7.3 Focus on evaluation and impact

As ASFII approaches its final year, evaluation of adviser and overall facility impact has become more important. In 2007, a planned program of evaluation activities will be implemented, using in-house resources and an external consultant. Considerable resources and effort will be devoted to placement assessments and broader evaluations during this year, while at the same time the normal monitoring of advisers’ activities will continue.

8. CONCLUSION

The ASFII Board of Management has prepared this *Strategic Plan* in order to facilitate strategic and constructive engagement with GoPNG agencies, leading to identifying appropriate areas where ASFII resources can be applied. This will enable the Board of Management to effectively manage the ASFII and to focus available resources on capacity building likely to foster effective public sector reform and improvement.

As placements are identified and approved, a key ASFII objective is to recruit, induct, support and manage advisers with high quality technical, capacity building

and interpersonal skills in a cost-efficient and timely manner. To this end, the AMC is guided by approved sub-plans, including:

- the ASFII *Recruitment Strategy*;
- the ASFII *Facility Plan*, revised in 2006 for the two year extension period;
- a *Monitoring and Evaluation Framework*;
- Six monthly *Management Plans*;
- the ASFII *Procedures Manual*.

While these may be updated during 2007 if changing circumstances require, such changes are expected to be minimal, given that the facility will close in March 2008.

AusAID and GoPNG have indicated that a successor program to ASFII will be developed. In 2007, planning of this new facility or program will proceed through the established development design pathways.