EN

This action is funded by the European Union

ANNEX 1

Of the Commission Decision on the Annual Action Programme 2016 in favour of Papua New Guinea to be financed from the 11th European Development Fund

Action Document for
Support Programme to the Implementation of EU-PNG Cooperation

<table>
<thead>
<tr>
<th>1. Title/basic act/CRIS number</th>
<th>Support Programme to Implementation of the EU-PNG Cooperation, CRIS number: 2016/039-207 financed under European Development Fund</th>
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</table>
| 2. Zone benefiting from the action/location | Papua New Guinea (PNG)  
The action shall be carried out at the following location: Papua New Guinea at national level. |
| 4. Sector of concentration/thematic area | Cross-cutting support measures.  
DEV. Aid: YES¹ |
| 5. Amounts concerned | Total estimated cost:  
Total amount of EDF contribution:  
Gov. PNG Contribution  
EUR 10.35 million  
EUR 9 million  
EUR 1.35 million |
| 6. Aid modality(ies) and implementation modality(ies) | Project Modality:  
Indirect management with Papua New Guinea and direct management - procurement of services |
| 7 a) DAC code(s) | 15110 Public sector policy and administrative management |
| b) Main Delivery Channel | |

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.
### 8. Markers (from CRIS DAC form)

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<thead>
<tr>
<th>General policy objective</th>
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<th>Main objective</th>
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<tr>
<td>Participation development/good governance</td>
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<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Gender equality (including Women In Development)</td>
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<td>☐</td>
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<tr>
<td>Trade Development</td>
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<td>☐</td>
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<tr>
<td>Reproductive, Maternal, New born and child health</td>
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#### RIO Convention markers

<table>
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<th>Main objective</th>
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<tr>
<td>Biological diversity</td>
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<tr>
<td>Combat desertification</td>
<td>☒</td>
<td>☐</td>
<td>☐</td>
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<tr>
<td>Climate change mitigation</td>
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<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Climate change adaptation</td>
<td>☒</td>
<td>☐</td>
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### 9. Global Public Goods and Challenges (GPGC) thematic flagships

N/A

### 10. SDGs

1, 16, 17
SUMMARY
To support the Government of Papua New Guinea (GoPNG) in achieving its growth and poverty reduction objectives, the European Union has allocated EUR 184 million under the 11th European Development Fund National Indicative Programme (NIP). Three focal sectors have been selected under the 11th EDF: (i) Rural Entrepreneurship, Investment and Trade, (ii) Water, Sanitation and Hygiene and (iii) Education.

The NIP also foresees under the ‘Support Measures allocation’ a specific envelope to support operations of the National Authorising Officer (NAO) inside the Department of National Planning & Monitoring (DNPM). This is a key element in ensuring smooth EU-PNG cooperation.

This programme aims at strengthening the NAO’s traditional roles under the Cotonou Partnership Agreement, such as effective implementation of current and future EDF programmes, and further enhances the NAO’s role in the following areas:
- ensuring EDF assistance’s full alignment with GoPNG’s development policies,
- facilitation of policy dialogues in the three focal sectors,
- establishment of effective Development Partners coordination,
- promotion of the Aid Effectiveness Agenda in Papua New Guinea.

The Overall Objective of the proposed programme is to contribute to the implementation of the GoPNG’s poverty alleviation policies while ensuring responsible and sustainable development.

The Specific Objectives of the proposed programme are:
1) To support the implementation of the GoPNG’s national policy priorities.
2) To ensure the efficient and effective implementation of current and future EDF programmes.
3) To support the integration of the Aid Effectiveness Agenda into the Official Development Assistance (ODA) implementation modalities in PNG.

The programme will run for a period of fifty-four (54) months. The proposed start date is June 2017.

1 CONTEXT
1.1 Sector/Country/Regional context/Thematic area
Development ambitions and objectives of the Government of PNG are laid down in a number of key policy documents: “Vision 2050”, the “National Strategy for Responsible Sustainable Development for Papua New Guinea” (StaRS), the “Medium-Term Development Plan 2 2017-2018” (MTDP) and the PNG Development Cooperation Policy (2015). The overall objectives evidenced in these plans are to achieve economic growth and social development through the development of health, education, infrastructure, minerals and fossil fuels, while maintaining and strengthening law and order in the country. Specifically, these policy documents focus on the following themes:

a) Vision 2050. In identifying the weak performance areas which are jeopardising progress towards the achievement of national goals and ambitions, Vision 2050 identifies, among other obstacles, i) the absence of clear strategic actions in development plans, ii) corruption and iii) poor governance. Vision 2050 elaborates a long-range perspective for PNG development and addresses in:

i) changing and addressing the mind-set of the PNG population
ii) creating strong and unified political power and implementation capacity
iii) improved governance and institutional development
iv) effective and equitable service delivery
v) improvement in law and order
vi) development of strong moral obligation
vii) rapid growth potential to be realized in a reasonable time

b) National Strategy for Sustainable Responsible Development (StaRS). In 2014, the Government introduced the “National Strategy for Responsible Sustainable Development for Papua New Guinea” (StaRS). The StaRS is a strategic policy response to address the essential “transitioning from the brown driven to inclusive green growth” and represents the Government’s commitment to establishing a “robust framework for managing the significant challenges we face across a range of economic, social and environmental policy areas”. The StaRS emphasises inclusive, democratic, participatory, accountability and transparency principles in addition to enhanced international cooperation. It elaborates the operational strategies that should enable the country to make serious headway in the pursuit of Vision 2050. It is designed to quadruple the national income which should give all Papua New Guineans an improved quality of life by exploiting the available opportunities and enabling them to become key players in the overall socioeconomic development of this country;

c) The Mid-Term Development Plan 2 (2017-2018) is a short to medium term guide to the development of sector policies, plans and strategies of the country. The Mid-Term Development Plan 2 defines the priority sectors as Education, Health, Infrastructure, Law and Justice, Land and Housing and the Economy. It defines the indicators and targets to be achieved in each sector through the use of budgetary funds.

The well-established relationship between the European Union and Papua New Guinea enabled both partners to address some of these issues when developing The EU-PNG NIP for the period 2014-2020. The NIP is focused on building stronger political relationships, providing support to good governance, championing human rights, as well as addressing the ongoing and pervasive challenges that are universal access to potable water, sanitation, education and energy.

Improved institutional capacity, enhanced policy dialogue, good governance and public accountability (PFM) at national and sub-national levels, are recognized as prerequisites to poverty reduction and improved livelihoods through more equitable and broad based sustainable development, in line with PNG’s development plans.

In responding to these identified needs and challenges, the Support Programme to Implementation of the EU-PNG Cooperation is highly relevant and fully aligned with both development policies and EU policy priorities. By supporting good governance and institutional capacity building, this Programme is consistent and in line with the GoPNG’s main development strategies, specifically Vision 2050 and the StaRS, in which good governance and public sector management are identified as central to the future socioeconomic development of the country.

1.1.1 Public Policy Assessment and EU Policy Framework

The Support Programme to the Implementation of EU-PNG Cooperation is in line with the Cotonou Partnership Agreement (CPA), including as it does, support to the NAO in complying with the functionalities defined in the CPA. The Programme is also fully aligned with the Government’s Development Cooperation Policy (2015), which aims to strengthen partnerships between key institutions and stakeholders involved in:

a) development cooperation mobilisation,
b) performance management and delivery, and
c) developing capacity and strengthening systems.
In order to address good governance, capacity building and aid effectiveness issues, the EU-PNG NIP 2014-2020 details funding of EUR 9 million under the Support Measures budget line which targets two detailed and interconnected interventions:

**a) Measures to support or accompany the programming, preparation or implementation of actions**

A Technical Cooperation Facility (TCF), through a specific allocation, to support, inter alia:

- the provision of Technical Assistance for the identification, formulation, preparation and implementation of actions and projects;
- the organisation of, and participation in, training interventions, workshops and seminars;
- the commissioning of pertinent studies, including but not limited to: identifying, analysing and assessing the benefits and challenges of introducing a budget support approach in future EDF programming in PNG, inter alia: approaches and modalities of strengthening Public Finance Management; opportunities for the blending of resources;
- ad-hoc support to meet specific requirements.

**b) Support to the National Authorising Officer**

The NIP foresees the continued involvement of the NAO in the full EDF Programming and Project cycles, from inception, implementation, management, monitoring to closure. Consequently, interventions may include, inter alia:

- capitalising on lessons learnt under earlier interventions and bearing in mind that new implementation modalities will be explored under the 11th EDF, additional capacity strengthening will also be required;
- the organisation of, and participation in, EDF-related and generic training interventions, workshops and seminars;
- ad-hoc support to meet emerging needs.

### 1.1.2 Stakeholder analysis

Departments and Agencies – particularly those implementing EU funded programmes - are key stakeholders of the action, and they will be involved in the identification, formulation and implementation of the programmes to ensure ownership. They will benefit from implementation of capacity building plans intended for increasing their capacity to manage the programmes under their jurisdictions.

At the strategic level, some stake-holders consultations were already organised while preparing the 11th EDF to identify challenges and opportunities in the sector (e.g. Water Sanitation & Hygiene (WaSH). The proposed approach is validated by relevant stakeholders in PNG, including the NAO and the Department of National Planning and Monitoring. The main national stakeholders involved in the proposed intervention are:

- The Department of National Planning & Monitoring (DNPM),
- The Department of Trade, Commerce and Industry,
- The Department of Education,
- The Department of Health,
- The Department of Provincial and Local Government Affairs
- The Department of Agriculture & Livestock; and
- Provincial, District and Local Level Governments.

Other relevant stakeholders include financial institutions like the World Bank, Asian Development Bank (ADB) and European Investment Bank (EIB), civil society
organizations, private enterprises and other development partners, such as (Australian Department of Foreign Affairs and Trade (DFAT), New Zealand’s International Aid & Development Agency (NZAID), UNICEF, UNDP and Japan International Cooperation Agency (JICA).

1.1.3 Priority areas for support/problem analysis

The ongoing Institutional Capacity Building of the NAO System in Papua New Guinea – Phase II project implementation period is coming to an end in 22 June 2017. The new programme will be the 5th consecutive support programme. The proposed programme will build on important achievements and take cognisance of lessons learnt. The planned activities are more strategic and aimed at ensuring effective delivery and improving EU-PNG policy dialogue.

In line with the mid-term evaluation of the Institutional Capacity Building of the NAO System in Papua New Guinea – Phase II (December 2014) and discussions held during the DEVCO Verification Mission (November 2014), the new priority areas for support will be the following:

Ensuring efficient and effective implementation of EDF full project management cycle
In the past, capacity to implement and motivation of the National Authorizing Officer Support team to assume its roles/functions was low. This was linked to high turn-over of NAO Support Unit (NAOSU) staff and expressed insufficient knowledge of EU/EDF procedures. Low level of ownership from the side of line agencies/departments also played a significant role. As a consequence, significant recovery orders were issued and this had an impact on EDF projects.

The new programme aims at necessary re-focusing of the NAOSU team on its core responsibilities.
Enhancing the EU-PNG policy dialogue in the three focal sectors

One of main priority areas of support under this programme is the establishment of effective and efficient EU-PNG policy dialogue. This shall ensure timely and effective implementation of 11th EDF and its alignment with the Government’s development policies. The support to the NAO will enable regular EU-PNG policy dialogue meetings and will enhance line departments’ involvement in the initial project design phases. Low level of primary stakeholders’ involvement from the initial identification/formulation stages has been indicated as a major problem both from the EU and NAO sides and needs to be addressed in view of 11th EDF.

Supporting the integration of Aid Effectiveness Agenda into the ODA implementation modalities in PNG

Instead of focusing exclusively on EU-PNG cooperation, this programme will expand support to the DNPM’s role in overall Development Partners’ coordination. It will contribute to building the DNPM’s capacity to lead intragovernmental policy dialogue on aid effectiveness, to supporting efforts aimed at establishing effective Development Partners’ coordination, and supporting initiatives leading towards PNG meeting budget support eligibility criteria.

2

RISKS AND ASSUMPTIONS

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk Level (H/M/L)</th>
<th>Mitigating Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Suspension of political dialogue</td>
<td>M</td>
<td>Ensure that High Level meetings (Minister, Secretary and Ambassador) on the EU-PNG partnership are taking place annually and on a regular basis.</td>
</tr>
<tr>
<td>2 Low capacities/motivation and high turnover at NAOSU</td>
<td>M</td>
<td>Top ups will be subject to effective performance (new conditionality offered by the Programme Estimate Guide). Maintain intensive dialogue with NAOSU and NAO to identify and address issues as soon as they arise.</td>
</tr>
</tbody>
</table>

Assumptions:

This programme builds on the main assumption that the Government will commit to:

i) enhancing/deepening a political and economic dialogue with the EU in the areas of 11th EDF programming;

ii) promoting the Aid Effectiveness Agenda;

iii) supporting new implementation modalities in PNG;

iv) allocating resources in terms of support to NAOSU on a timely basis and in adequate quantity;

v) implementing the programme in a timely and financially compliant manner.

3

LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The mid-term evaluation of the Institutional Capacity Building of the NAO System in Papua New Guinea – Phase II was finalized in December 2014. The following conclusions are still relevant:
The key challenge faced under the ongoing programme ‘Institutional Capacity Building’ relates to the ownership of the EDF-funded projects/programmes by the implementing line agencies/departments. The low level of ownership observed was based on two factors: first, lack of appropriate experienced, motivated and committed human resources and lack of EDF-related operational, contractual and financial procedural knowledge and experience.

The same constraints have been identified at the level of the NAOSU, compounded by an observed high turnover of staff.

3.2 Complementarity, synergy and donor coordination

As mentioned in the National Indicative Programme, the EU’s intervention will be aligned to PNG’s priorities and carried out in close coordination with other Development Partners.

To implement the Aid Effectiveness Agenda, PNG and the Development Partners reached an agreement in 2006 – ‘Madang Plan of Action’. This resulted in the signing at PNG level of the ‘2008 Commitment on Aid Effectiveness’. The government now uses the bi-annual ‘Development Partners High Level Forum (HLF)’ to coordinate the Development Partners’ programmes. The Forum is led by the DNPM, which is the national donor coordination agency. Consequently, the proposed direct support to the DNPM under this programme will have a direct impact on enhanced donor coordination.

This programme is also in synergy with other Development Partners’ coordination initiatives, such as Development Partners Roundtable led by UN and Australian DFAT. EU and Member States are active members and participate to the monthly meetings. Other DP, (i)NGOs and even representatives of GoPNG are regular participants. During these meetings, updates on respective planning/implementation of programmes are shared as well as ad hoc topics for e.g. Bougainville or ”El Nino”. Other fora to which the EU is participating are: the Public Financial Management Coordination Mechanism (that the EU will be chairing from mid-2016), the Transport Sector Coordination, Monitoring and Implementation Committee, Quarterly Road Maintenance Committee, WaSH Task Force, etc.

3.3 Cross-cutting issues

Environment, climate change, gender equality, youth employment, human rights and democracy have been identified as crucial cross-cutting issues to be mainstreamed into EU development programmes. They will be reflected in all results and in the formulation and implementation of programmes.

Through the very nature of the proposed action, transparency of planning, participatory development and good governance will be improved. The formulation stage has taken due account of relevant cross-cutting issues. During implementation of the project, special attention will be paid that men and women are equally involved.

The flexibility of the Technical Cooperation Facility will allow the latitude to address and support crosscutting issues through specialised small scale interventions. This will complement ongoing projects in priority areas of EU intervention and thereby contribute to the sustainability of EU-funded development cooperation.

4 Description of the action

4.1 Objectives/results

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Target 1 - ‘End poverty in all its forms everywhere’ - but also promotes progress towards Goals 16 and 17 - ‘Promote peaceful and inclusive societies for sustainable
development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels’ and ‘Strengthen the means of implementation and revitalize the global partnership for sustainable development’. This does not imply a commitment by the GoPNG to benefit from this programme.

The Overall Objective of the proposed programme is to contribute to the implementation of the GoPNG’s poverty alleviation policies while ensuring responsible and sustainable development.

The Specific Objectives (SO) and the expected results of the proposed programme are:

**SO 1  To support the implementation of the GoPNG’s national policy priorities.**
- **Result 1.1** Ability of government departments to integrate national development priorities with the contribution of development partners is enhanced.
- **Result 1.2** Beyond its formal role under the Cotonou Partnership Agreement, the NAOSU is in a position to contribute to the coordination of Agenda 2030 for Sustainable Development, including the Sustainable Development Goals.

**SO 2  To ensure the efficient and effective implementation of current and future EDF programmes.**
- **Result 2.1** The overall capacity of the NAO within the DNPM in development aid planning, management and coordination is enhanced.
- **Result 2.2** The efficiency and effectiveness of the design and implementation of EDF programmes are increased and sustained.

**SO 3  To support the integration of the Aid Effectiveness Agenda into the Official Development Assistance (ODA) implementation modalities in PNG.**
- **Result 3.1** The DNPM is able to promote intragovernmental policy dialogue on aid effectiveness and the introduction of new aid modalities, e.g. the sector-wide approach, budget support and blending.
- **Result 3.2** The DNPM is coordinating Development Partner support and interventions effectively.
- **Result 3.3** Progress has been achieved towards PNG satisfying the budget support eligibility criteria.

4.2 **Main activities**

In order to produce the necessary outputs to achieve the programmes expected results and objectives, a coherent set of activities has been designed aimed at building capacity, providing incentives and supporting key stakeholders, while at a broader level creating the enabling environment for the sector to develop and sustain. The Programme will be implemented notably through the following indicative schedule of activities:

**Specific Objective 1**

To support the implementation of the GoPNG’s national policy priorities.

**Result 1.1** Support to the GoPNG’s through the EDF is fully aligned with the Government’s development policies.

a) Providing identified Technical Assistance targeted at supporting the timely, efficient and effective implementation of PNG’s National Development Policy (2015), the EU’s current and future national and regional indicative programmes (NIPs/RIPs).
b) Providing support to responsive and timely Government / Development Partners dialogue sessions, conferences and seminars with respect to policy development.

c) Contributing to the enhancement of the DNPM’s capacity for development planning, policy formulation and analysis, leading and coordinating donor development assistance.

Result 1.2 Beyond its formal role under the Cotonou Partnership Agreement, the NAOSU is in a position to contribute to the coordination of Agenda 2030 for Sustainable Development, including the Sustainable Development Goals.

a) Supporting the establishment of co-ordination and dialogue structures, e.g. an Agenda 2030 Coordination Committee, involving the NAO, National Departments and Development Partners.

b) Supporting the NAO’s participation in national and international conferences and seminars focused on attainment of the Sustainable Development Goals.

c) Contributing to the organisation of national workshops and seminars to disseminate good practices with respect to the attainment of the Sustainable Development Goals.

d) Facilitating the participation by NAO staff and Government officials in seminars on EU-ACP development cooperation initiatives and post-Cotonou consultations.

e) Providing support to an information campaign to raise awareness of the purpose, nature and status of the Sustainable Development Goals.

Specific Objective 2
To ensure the efficient and effective implementation of current and future EDF programmes.

Remark: As a prerequisite, NAOSU is located on the same premises than the NAO it is supporting.

Result 2.1 The overall capacity of the NAO within the DNPM in development aid planning, management and coordination is enhanced.

a) Supporting the provision of training in Project Cycle Management, 11th EDF procedures, Financial Management and Accounting, to relevant NAOSU and Implementing Agencies staff as required.

b) Supporting capacity building with respect to the development and application of an active Procurement Plan for all 10th and 11th EDF programmes and projects.

c) Facilitating the strengthening of in-house Monitoring & Evaluation capacities and systems and developing Annual Monitoring & Evaluation (M&E) Plans for all 11th EDF programmes and projects.

d) Supporting ongoing capacity development and systems development (digitising) with respect to document filing, storage and archiving.

e) Facilitating the procurement/development of an aid information management system and supporting the induction/training of staff entrusted with the aid management function.

f) Contributing to the delivering of mentoring, coaching, advisory services and on-the-job training to NAOSU Project Officers through a Technical Assistance Team over the fifty-four months operational implementation period of the programme.

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g) Liaising with, and supporting, programmes and projects with respect to Mid-Term Reviews, Audits and Final Evaluations.

**Result 2.2** The efficiency and effectiveness of the design and implementation of EDF programmes are increased and sustained.

a) Supporting the NAO and/or other relevant Department, Offices, Agencies for the life-cycle of the 11st EDF and the formulation and programming of the next cooperation cycle.

b) Facilitating the coordination of, and attendance at, meetings and interventions as required: e.g. PSC (Project Steering Committees) meetings, EU missions, Results Oriented Monitoring (ROM) missions, Mid-Term and Final Evaluations and Audits.

c) Supporting the introduction of quality control measures (e.g. manuals, checklists, and tracking tools) with respect to the development, processing, vetting and approval of supplies, services and works tenders and Programme Estimates.

d) Providing support to the organisation of Programme Results/Activities related conferences, workshops and seminars and the preparation of study tours to third countries.

e) Mobilising consultants to assist with/advise on project identification and formulation.

f) Advising on the strengthening of the implementation and operational capacity of Line Departments and Agencies (LDAs), including EDF procedures and Project Cycle Management skills.

g) Providing assistance and resources in support of communication and visibility activities aimed at ensuring transparency and publicity on the use of EDF resources, inter alia: project launches ceremonies, promotional materials, newspaper inserts, press conferences, and publication of advertisements.

**Specific Objective 3**
To support the integration of the Aid Effectiveness Agenda into all ODA implementation modalities in PNG

**Result 3.1** The Department of National Planning & Monitoring (DNPM) is able to promote intragovernmental policy dialogue on aid effectiveness and the introduction of new aid modalities, e.g. the sector-wide approach, budget support and blending.

a) Supporting the DNPM in meeting PNG’s policy dialogue and consultative obligations under the Cotonou Agreement.

b) Providing support to the DNPM in conducting awareness raising activities within the DNPM and the three focal sectors on the concepts, the underlying principles and the approaches to the European Union’s Sector Budget Support Approach.

c) Facilitating the participation of the DNPM, the NAO and Line Departments and Agencies (LDAs) at conferences and seminars on EU-ACP development cooperation, Aid Effectiveness initiatives and new aid modalities.

d) Providing support to the design and coordination of aid effectiveness / aid modality interventions targeted at selected LDAs, namely those representing the three focal sectors: Rural Entrepreneurship, Investment and Trade; Water, Sanitation & Hygiene, and Education.

**Result 3.2** The Department of National Planning & Monitoring is coordinating Development Partner support and interventions effectively.
a) Providing technical and material support towards improving the DNPM’s capacity to effectively coordinate Development Partners support.
b) Supporting the promotion of dialogue and information sharing, through seminars and workshops, between the Government, Official Development Assistance Partners, Non-State and Private Sector Actors.
c) Supporting the development of integrated Official Development Assistance (ODA) monitoring, evaluation and knowledge management systems, including the creation of data collection instruments and databases.
d) Facilitating and supporting the introduction of an annual High Level Development Partners Dialogue Forum, chaired by the DNPM.

Result 3.3 Progress has been achieved towards PNG satisfying the budget support eligibility criteria.

b) Providing advice and technical support on commissioning a needs analysis and reform-identification study, developing a roadmap and implementation plan towards the achievement of all four eligibility criteria.

4.3 Intervention logic

The DNPM is the custodian of Papua New Guinea’s 2015 Development Cooperation Policy and is also responsible for the coordination of all Official Development Assistance within the country. The National Authorising Office, the roles and responsibilities of which are defined in Article 35 of Annex IV to the Cotonou Partnership Agreement, is located within the Department of National Planning & Monitoring. The European Union and the Government have agreed a joint strategy to address national development priorities, which is reflected in the EU-PNG NIP 2014-20. The NIP foresees the need for accompanying measures in support of the NAO to allow it to meet its responsibilities and obligations under the Cotonou Partnership Agreement by strengthening in-country capacities to effectively programme, supervise, manage and monitor the implementation of EDF projects and programmes in a timely and procedurally compliant manner.

The identified support is commensurate with the role of the NAO in the implementation of the 11th EDF and the role of the DNPM in the efficient use of Official Development Assistance. These identified needs are addressed under the auspices of the proposed Support Programme to the Implementation of EU-PNG Cooperation.

The logic of the intervention revolves around three Specific Objectives:

i. Supporting the implementation of GoPNG’s national policy priorities,
ii. Ensuring the efficient and effective implementation of current and future EDF programmes, and
iii. Supporting the integration of the Aid Effectiveness Agenda into the Official Development Assistance (ODA) implementation modalities in PNG.

These three areas of intervention all fall under the Overall Objective of the proposed programme which is “to contribute to the implementation of GoPNG’s poverty alleviation policies while ensuring responsible and sustainable development.”
The main activities underpinning this Action focus on increasing human capacities and competencies within the NAOSU and the DNPM and increasing organisation and institutional effectiveness and efficiencies, throughout the programming cycle, from formulation to closure.

The assistance foreseen under the Action is assumed to contribute to the implementation of the Government’s poverty alleviation policies by:

- providing support to the implementation of the Government’s national policy priorities,
- ensuring the efficient and effective implementation of current and future EDF Programmes and, in line with the Agenda for Change,
- by integrating the Aid Effectiveness Agenda into all ODA implementation modalities in PNG.

5 IMPLEMENTATION
5.1 Financing agreement
In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period
The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 54 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Implementation of the budget support component
Not applicable.

5.4 Implementation modalities

5.4.1.3 Procurement: direct management.
In consultation with the NAO/DNPM, short-term and variable Technical Assistance will be provided on behalf of the NAO and through the Framework contracts (FWC) modality to, inter alia, i) promote intergovernmental policy dialogue on aid effectiveness and aid modalities that are not widely used in PNG, such as the sector wide approach, budget support and blending, etc. ii) to support the DNPM in ensuring effective donor coordination, and iii) facilitating progress towards PNG fulfilling the Budget Support eligibility criteria. Indicative number of FWCs foreseen is 10, with D+3 being a contracting deadline.

Technical Assistance will undertake scheduled evaluations and audits of the Support Programme to the Implementation of EU-PNG Cooperation.

<table>
<thead>
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<th>Subject in generic terms</th>
<th>Type</th>
<th>Indicative No.</th>
<th>Indicative trimester</th>
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<td>Technical Cooperation Facility</td>
<td>Services</td>
<td>Multiple</td>
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<tr>
<td>Mid-Term &amp; Final Evaluations</td>
<td>Services</td>
<td>2</td>
<td>3rd 2019 and 3rd 2021</td>
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<tr>
<td>Audit</td>
<td>Services</td>
<td>1</td>
<td>3rd 2021</td>
</tr>
</tbody>
</table>
5.4.1.5 Indirect management with the Government of Papua New Guinea

A part of this action with the objective 2 of “ensuring the efficient and effective implementation of current and future EDF programmes” may be implemented in indirect management with Papua New Guinea in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of the Regulation (EU) No 323/2015 according to the following modalities:

The Government of Papua New Guinea will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts above EUR 100,000 (or lower, based on a risk assessment) and may apply ex post control for procurement contracts up to that threshold. The Commission will control ex ante the grant procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the partner country for ordinary operating costs, direct labour and contracts below EUR 300,000 for procurement and up to EUR 100,000 for grants.

The financial contribution partially covers, for an amount of EUR 300,000 the ordinary operating costs incurred under the programme estimates.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable by virtue of Article 36 of the Regulation (EU) 323/2015 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the Government of Papua New Guinea shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of the Regulation (EU) No 323/2015, will be laid down in the financing agreement concluded with the Government of Papua New Guinea.

Procurement: indirect management. Technical Assistance to NAOSU / DNPM

Long-term Technical Assistance will be provided to support capacity and systems strengthening and development within the NAO and DNPM with respect to the management of EDF and ODA funding to Papua New Guinea.

<table>
<thead>
<tr>
<th>Subject in generic terms</th>
<th>Type</th>
<th>Indicative No.</th>
<th>Indicative trimester</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance</td>
<td>Services</td>
<td>1</td>
<td>2nd 2017</td>
</tr>
</tbody>
</table>

a) Overview of implementation

<table>
<thead>
<tr>
<th></th>
<th>Programme Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring the efficient and effective implementation of current and future EDF</td>
<td>Programme Estimate</td>
</tr>
<tr>
<td>programmes</td>
<td></td>
</tr>
<tr>
<td>Technical Assistance to support capacity development and systems strengthening of</td>
<td>Service Contract</td>
</tr>
<tr>
<td>the NAO/DNPM</td>
<td></td>
</tr>
<tr>
<td>Enhancing Information/Communication &amp; Visibility</td>
<td>Programme Estimate,</td>
</tr>
<tr>
<td></td>
<td>Service Contract</td>
</tr>
<tr>
<td>Implementation of the NIP</td>
<td>Programme Estimate, Service Contract</td>
</tr>
</tbody>
</table>
b) Implementation through programme estimates

The contracting authority for these activities shall be the PNG NAO. The project supervisor shall be the DNPM.

An imprest administrator and an imprest accounting officer, and their deputies, shall be appointed for the management and implementation of the programme estimate by the contracting authority, in agreement with the Head of Delegation.

In accordance with the powers delegated to them by the partner country authority that appointed them, the imprest administrator and the imprest accounting officer shall draw up and implement programme estimates, award contracts and grants, commit expenditure and make the corresponding payments.

The imprest administrator and the imprest accounting officer shall submit their technical and financial reports to the project steering committee, where applicable, and to the PNG NAO and a copy to the Head of the EU Delegation.

5.5 **Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions.

In accordance with Article 22(1)(a) of Annex IV to the ACP-EU Partnership Agreement the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical links with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: Australia and New Zealand. The supplies originating there shall also be eligible.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 **Indicative budget**

<table>
<thead>
<tr>
<th>No</th>
<th>EU Contribution (EUR)</th>
<th>Gov. PNG co-financing Contribution (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5.4.1.3</strong> Procurement (Direct management)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Cooperation Facility</td>
<td>3,000,000</td>
<td>---</td>
</tr>
<tr>
<td><strong>5.4.1.5</strong> Indirect management with the Partner Country (Papua New Guinea)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>4,200,000</td>
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</tr>
<tr>
<td>Programme Estimate with NAOSU</td>
<td>1,480,000</td>
<td>1,350,000</td>
</tr>
<tr>
<td><strong>5.9</strong> Mid-Term &amp; Final Evaluations</td>
<td>150,000</td>
<td>---</td>
</tr>
<tr>
<td><strong>5.10</strong> Audit</td>
<td>70,000</td>
<td>---</td>
</tr>
<tr>
<td>Contingencies</td>
<td>100,000</td>
<td>---</td>
</tr>
<tr>
<td><strong>Total (EUR)</strong></td>
<td><strong>9,000,000</strong></td>
<td><strong>1,350,000</strong></td>
</tr>
</tbody>
</table>
5.7 Organisational set-up and responsibilities

The Action will be implemented under Indirect and Direct Management and the Procurement of Services in accordance with Articles 21 to 23 of the Financial Regulation of the 11th EDF.

The Contracting Authority for the Programme shall be the PNG NAO. The Project Supervisor, being responsible for the supervision of programme implementation, shall be the Deputy National Authorising Officer. A Steering Committee shall be established to oversee and validate the overall direction of the Programme. The Programme Steering Committee shall meet twice a year.

The NAO may request the European Commission to implement technical assistance contracts on his behalf under Article 19(c) 4 of Annex IV of the ACP-EU Partnership Agreement.

The NAO and the Europe Union, represented by the EU Delegation to PNG, will meet regularly to ascertain what services and actions need to be contracted and how best to do this to support the objectives of this Programme.

A Technical Assistance Team (TAT), composed of international, regional and local experts according to the complexity of the tasks to be fulfilled, will assist the NAO in the implementation of the Programme. The responsibilities of the TAT will not involve the exercise of public authority nor the use of discretionary powers of judgment. The TAT will work under Terms of Reference agreed by both the Contracting Authority and the Head of the Delegation of the European Union in Papua New Guinea.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, a mid-term and final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. The mid-term evaluation will be carried out for problem solving and learning purposes. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all
necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded in the second year of the Programme and one at the end of implementation.

5.10 Audit
Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded at the end of the Programme.

5.11 Communication and visibility
Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above. This activity will be specifically funded through the programme estimate.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.