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ANNEX III

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Independent State of Papua New Guinea for 2022

Action Document for Strengthening Transparent and Accountable Governance in Papua New Guinea

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

Action Summary Table

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| 1. Title CRIS/OPSYS business reference Basic Act | Strengthening Transparent and Accountable Governance in Papua New Guinea OPSYS no. ACT-61288 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)/ |
| 2. Team Europe Initiative | No |
| 3. Zone benefiting from the action | The action shall be carried out in Papua New Guinea, including the Autonomous Region of Bougainville (AROB) |
| 4. Programming document | Multi-Annual Indicative Programme (MIP) for Papua New Guinea (PNG), 2021 - 2027 |
| 5. Link with relevant MIP(s) objectives / expected results | Priority Area 3, Specific Objective 1: Enhanced transparency and accountability processes are established and implemented in government institutions and the Parliament, supported by an enhanced voice of civil society and awareness of the population. |
| PRIORITY AREAS AND SECTOR INFORMATION | |
| 6. Priority Area(s), sectors | Priority Area 3 “Transparent and Accountable Governance” |
| 7. Sustainable Development Goals (SDGs) | Main SDG: SDG16 "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels" Other significant SDGs: SDG 5 “Gender Equality” |
| 8 a) DAC code(s) | 15111 - Public finance management (40%) 15112 – Decentralisation and support to subnational government (35%) 15113 – Anti-corruption organisations and institutions (25%) |
| 8 b) Main Delivery Channel | 12000 Recipient Government |

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| 9. Targets | <input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance | | | |
| 10. Markers (from DAC form) | General policy objective @ | Not targeted | Significant objective | Principal objective |
| | Participation development/good governance | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Aid to environment @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Gender equality and women's and girl's empowerment | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Trade development | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Reproductive, maternal, new-born and child health | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Disaster Risk Reduction @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Inclusion of persons with Disabilities @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nutrition @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Principal objective |
| | Biological diversity @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Combat desertification @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change mitigation @ | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Climate change adaptation @ | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. Internal markers and Tags | Policy objectives | Not targeted | Significant objective | Principal objective |
| | Digitalisation @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> | / |
| | Connectivity @ | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | digital connectivity energy transport health education and research | <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | / |

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|--------------------------------------|--|-------------------------------------|-------------------------------------|--------------------------|
| | Migration @ (methodology for tagging under development) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Reduction of Inequalities @ (methodology for marker and tagging under development) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Covid-19 | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| BUDGET INFORMATION | | | | |
| 12. Amounts concerned | Budget line(s) (article, item): BGUE-B2022-14.020132-C1-INTPA Total estimated cost: EUR 7 million Total amount of EU budget contribution EUR 7 million | | | |
| MANAGEMENT AND IMPLEMENTATION | | | | |
| 13. Type of financing | Direct management through: - Grants - Procurement | | | |

Summary of the Action

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| <p>Transparent and accountable governance, the rule of law and gender equality are core EU values, key elements of the EU’s global strategy and essential for a democratic, thriving and peaceful society. Poor governance is PNG’s main obstacle to translate its immense natural wealth into sustainable development outcomes and to achieve its national development objectives. By reinforcing the EU’s existing governance support in PNG and in line with MIP Priority Area 3 “Transparent and Accountable Governance”, this action will contribute to the Overall Objective of improved management of public resources, better service delivery and reduced poverty, through (a) improved public financial management (PFM) (pillar 1) and (b) enhanced integrity, transparency and accountability (ITA) systems and practices (pillar 2), at national and pilot subnational levels. Through support to mandated institutions based on existing policies, involving multi-stakeholder platforms and enhanced use of digital tools, the action will anchor institutional capacities, policy enforcement and increased demand for transparency and accountability by the population in the anti-corruption space.</p> <p>Building on PNG’s PFM diagnostic and analysis (PEFA) and policy instruments (PFM reform roadmaps), and aligned with ongoing external support by various development partners in coordination with the EU, pillar 1 of the action focuses on strengthening PNG’s public sector audit function. Pillar 2 focuses on integrity, transparency and accountability (ITA) mechanisms and practices, embedded in PNG’ policies to enhance the fight against corruption, notably the creation of the Independent Commission Against Corruption (ICAC), the whistle-blower legislation and the adoption of the National Anti-Corruption Plan of Action (NACPA) 2020-25. PNG is signatory to the UN Convention Against Corruption and was evaluated in May 2022 for the Second Round of the Implementation Review cycle. The EU is the PNG’s lead partner in promoting ITA, notably through the 11th EDF EU-PNG Partnership for Good Governance Budget Support. The implementation of reforms resulted in an improvement of PNG’s ranking in the Transparency International Corruption Perception score in 2021 from 142 to 128, but much more needs to be done to ensure that PNG’s wealth is translated into inclusive development outcomes for all. Sustaining PNG’s current anti-corruption drive against deeply entrenched vested interests requires continued efforts. Issues related to governance in the environmental sector will be taken into account.</p> <p>While focussing mostly on supporting mandated state institutions, the action will also provide critical and targeted complementary support to the bottom up demand side of integrity and accountability, and will contribute to the progressive achievement of SDG Goal 16: “promoting peaceful and inclusive societies for sustainable development and providing access to justice for all and build effective, accountable and inclusive institutions at all levels”, and SDG 5 “Gender Equality”, and to the implementation of the UN Convention Against Corruption, notably Chapter 2. Complementarities exist with the other actions of AAP 2022, notably under priority area 1. The action</p> |
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contributes to the EU Gender Action Plan III (GAPIII) and particularly to the thematic area of engagement “Promoting equal participation and leadership”. It supports Papua New Guinea’s gender equality policy and its National Strategic Plan “Vision 2050” which aims to increase equality between people, more equal distribution of resources and opportunities, particularly emphasizing women and youth roles and enhanced participation in the society.

2 RATIONALE

2.1 Context

1. Political and Financial Outlook

With 80% of the Pacific countries’ landmass, population and economy, large reserves in critical mineral resources, and as a focus of intensifying competing geo-political interests, the importance of PNG for the EU is growing. Though affected by various layers of fragility, PNG adheres to EU fundamental values, human rights, democracy and the rule of law, and has recently (January 2022) abolished the death penalty. The most recent Parliamentary elections took place in mid-2022, without addressing the severe gender inequality in the legislative branch. Despite some shortcomings, the overall democratic and civilian-led political process is considered not to be under threat. Covid-19 hit PNG as the government started implementing wide-ranging macroeconomic reforms under an IMF Staff Monitored Programme. To mitigate the impact of Covid-19 on the economy, PNG opted for expansionary macroeconomic policies, mainly through an ambitious fiscal stimulus package and an increase of capital expenditure. Despite the crisis, the overall financial situation remains under control. According to the IMF, public debt is sustainable, conditional on implementing prudent fiscal policies. PNG’s Medium Term Fiscal Strategy 2020-2024 aims at accelerated fiscal consolidation. The EU disbursed the first ever budget support tranche to PNG in December 2021.

2. Specific/ sector context

PNG is among the countries with the largest gap worldwide between its ranking in income per capita (129th) and in human development (155th), indicating a poor state of governance. The insufficient public spending to realise people’s basic rights affects more heavily groups in more vulnerable situations, in particular children, youth and women. PNG ranks 135 out of 156 countries in the World Economic Forum Global Gender Gap Report 2021. Strengthening good governance, gender equality and human rights is therefore indispensable to transform PNG’s immense development potential into more inclusive service delivery and progress towards the sustainable development goals, ensuring that no one is left behind. PNG’s national development plans, such as the Medium Term Development Plan (MDTP) III, include ambitious strategies to make substantial improvements in governance and addressing corruption. However, public financial management and integrity/accountability in the public sector remain very weak at national and subnational levels, due to lack of capacities, institutional dysfunctions and vested interests. Nevertheless, in both areas progress has been made, not least evidenced by the improvement of PNG’s Transparency International Corruption Perception Index ranking from 142nd in 2020 to 124th in 2021.

Pillar 1: Public financial management (PFM): GoPNG recognises that sound public financial management is critical to achieve SDGs and its national development goals. Following the 2015 Public Expenditure and Financial Assessment (PEFA) and the adoption of the PFM Reform Road Map (2015-2018), the EU provided significant support to the achievement of key milestones of the PFM reform roadmap. PEFA II was carried out in 2019/2020 and a subsequent reform roadmap was adopted in June 2020. With some improvement in eleven and deterioration in four indicators (using comparable performance indicators and previous methodology 2011), PEFA 2019 highlights important shortcomings in all PFM dimensions, including the audit function and legislative scrutiny of public expenditure, which need to be addressed in order to improve the transparency, integrity and effectiveness of Government spending. The weaknesses identified by the PEFA will be addressed through support to the implementation of the PFM Improvement roadmap (2020-2024) approved in 2021 supported by the EU and other donors. Development partners coordinate with the Department of Finance (DoF) in their respective areas of support. Several important pieces of legislation have been adopted, including with the support of the EU, for instance the Public Finance Management Act (PFMA) and its manual, the improvement of IFMS Chart of Accounts, the preparation of the Non Tax Revenue Bill (NTRB), the review of Statutory Bodies, the roll out of the

Integrated Financial Monitoring System (IFMS) to sub-national level, the preparation of the National Procurement Act. However, progress on national level has not yet been followed by improvements in subnational PFM. The EU is PNG's key partner in (a) PFM - leading the development partners' PFM working group since 2016, in partnership with other stakeholders such as the Asian Development Bank (ADB), World Bank, IMF, Australia's Department of Foreign Affairs and Trade (DFAT) and Japan International Cooperation Agency (JICA), and (b) in the fight against corruption, notably through the 11th EDF EU-PNG Partnership for Good Governance, which has significantly increased the EU's visibility in the anti-corruption space.

Pillar 2: Integrity, transparency and accountability (ITA) systems and practices: PNG has taken important steps including with the adoption of the whistle-blowers Act, and the Act establishing the Independent Commission Against Corruption (ICAC). The main PNG policy documents on IAS are the National Anti-Corruption Strategy (NACS) 2010-2030 and the National Anti-Corruption Plan of Action (NACPA) 2020-25, which is the implementing framework of the PNG National Anti-Corruption 2010-2030. The ongoing EU-PNG Partnership for Good Governance is supporting the implementation of the NACPA at the national level. Several high level corruption cases have been decided by the county's court system, and media are extensively reporting, though with insufficient quality. This progress is confirmed by the disbursement of EU's first fixed budget support tranche under the EU-PNG Partnership for Good Governance. The coordination of anti-corruption actions amongst public and civil society stakeholders is included in Programme of Work (POW) 10 of the NACPA. The EU is the leading development partners in promoting integrity, transparency and accountability in PNG, through the 11th EDF EU-PNG Partnership for Good Governance Budget Support action.

Pilot subnational level (Bougainville): At subnational level, both pillars of this action are particularly relevant for the Autonomous Region of Bougainville (AROB). Left behind following a devastating civil war in the 1990s, a 2019 referendum resulted in a more structured transfer of powers and responsibilities to its Government, the Autonomous Bougainville Government. Understanding the critical role of good governance, the Bougainville authorities have requested EU support to implement PFM reforms right from the (current) start of the transfer of public financial responsibilities to the ABG, and to anchor integrity, accountability and transparency mechanisms in its public sector right from the start. Though endowed with considerable natural resources, ABG's capacity to deliver public services and implement reforms will depend on its capacity to manage revenues with transparency and accountability. This is also relevant for revenues expected from the re-opening of the Panguna mine, once the largest copper mine in the world and a key factor in the Bougainville Conflict. The Panguna mine will provide opportunities for additional revenues and strengthened service delivery, but also increases risks of human rights violations, corruption, pollution and environmental damage, which need to be monitored by the public sector and civil society. Embedded in Bougainville's development strategy, the action will therefore provide critical support for the integrity, transparency and accountability of the use of Bougainville's public resources, as foreseen in the EU-PNG MIP. The PNG central government has indicated support for this action. The only other actor in PFM in Bougainville is Australia, which is supporting the completion of the PFM manual and one single budget.

2.2 Problem Analysis

While corruption is rarely itself a key driving factor of violent conflict, it is often central to other governance issues and the legitimacy of the state. While the reality of corruption is hard to measure, corruption discourses are important grievances in the critique of the GoPNG. Social media is full of corruption accusations towards local government officials, as well as the police. Corruption and patronage-based political systems also shape conflict over the management of benefits from extractive industries, land rights and land tenure, illegal logging and also electoral processes.

Notwithstanding progress made across both pillars as described above, governance remains very weak. The authorities acknowledge major challenges in anchoring and enforcing transparent and accountable governance-enabling rules, regulations, principles and legislation in the public sector, notably in the areas of public financial management and the fight against corruption, which need to be addressed in order to foster sustainable and inclusive growth and translate PNG's immense natural wealth into concrete development outcomes and human rights realizations. In both of those mutually reinforcing pillars significant scope exists for an enhanced use of digital tools.

Pillar 1: PFM

(a) National level: Public Sector Audit and Parliamentary oversight

One of the key PFM areas identified in the PEFA as substantially sub-standard and not addressed by any other development partner is the quality of external scrutiny and audit. The PEFA identifies the following areas of concern (score 'D'):

- (a) A significant backlog exists within the AGO in completing audit reports for public entities
- (b) Reports submitted by the AGO to the Parliament's Public Accounts Committee are rarely scrutinized nor debated in Parliament.
- (c) Entities to be audited frequently show little responsiveness to audit recommendations
- (d) Lack of assurance on fiscal position of the public sector, the strategic allocation of resources to policy priorities and the efficient delivery of services
- (e) Lack of (timely) auditable reports on subnational entities

Based on this analysis, the following measures for the improvement of public sector audit have been identified in the PFM improvement roadmap 2021:

- (a) Strengthen the Auditor General's Office (AGO) to ensure annual completion of audits consistent with internationally recognized standards (i.e. within one year of the end of the financial year audited, and public release by the auditor general within 30 days of notification of the audited entity) (priority 3 of the PFM improvement Roadmap).
- (b) Improve capacity of the Parliamentary Public Accounts Committee to ensure proper and relevant discussions with members of the parliament on audit reports as well as to promote that the findings of those audits become relevant to set budget targets on the costs of implementing already approved policies and projects, as well as objective estimates of proposals for new policies and projects. (priority 9 of the PFM improvement Roadmap).
- (c) Improve Financial Reporting by National and Provincial Entities

Some National and subnational entities do not provide financial statements regularly to the AGO, and their liabilities are not consolidated into either the National Government's Annual Financial Reports. Without knowing the liabilities of such entities, a complete picture of the financial status of the National government or sub-national government cannot be provided (priority 6 of the PFM improvement Roadmap).

- (d) Timely and Improved Information Provided to Members of Parliament: Members of Parliament are elected to represent their Districts and Provinces and watch over the transparent use of public resources (priority 9 of the PFM improvement Roadmap).

(b) Pilot subnational level: PFM in Bougainville

Bougainville's Department of Finance and Treasury has been slowly increasing its competences and capacities to undertake Public Finance Management Reforms. In conjunction with the Provincial and District Financial Offices (still under the PNG Department of Finance) Bougainville has initiated a series of reforms with the support of Australia (Public Finance Management Manual for the implementation of Bougainville's Public Finance Management Act and plans to implement a single budget). Nevertheless, Bougainville is still far behind the reforms undertaken at national level. For instance, a PNG PFM Manual was approved in 2016. While most of PNG provinces and National Government have transitioned to IFMS, Bougainville still operates under the outdated PGAS system. Similarly, Bougainville still operates under the old procurement regulation, has not started a payroll audit for its public employees and has not implemented measures to increase collection of both tax and non-tax revenue. The findings of the Bougainville subnational PEFA will allow to sequence the necessary reforms in the short, medium and long term through a reform roadmap. Opportunities for gender responsive budgeting and auditing pilot initiatives will be explored.

Pillar 2: Integrity, transparency and accountability (ITA) systems and practices

Despite positive steps taken by the Government in the recent years, PNG's overall ITA system continues to suffer from substantial shortcomings, systemic dysfunctionalities, women's unequal access to participation, lack of capacity, and vested interests. Some of these are addressed at national level through the ongoing EU-PNG Partnership for Good Governance. However, efforts at subnational level, where substantial public resources are managed, are lagging behind. In accordance with the MIP, this action will strengthen (a) ITA of state and non-state actors at pilot subnational level (Bougainville) and (b) enhance the voice of CSO, including those representing

groups in more vulnerable situations, and media at national level, complementing the ongoing EU-PNG partnership for Good Governance.

(a) National level: Demand for ITA through CSO and media:

Lessons from across the world and from the EU show that civil society and media are indispensable for improved governance. However, the voice and capacities of PNG's civil society and media are not sufficiently developed to fulfil their mandate of demanding ITA in the public system and watching over ITA obligations of the authorities on behalf of the population, women and men, boys and girls, in all their diversity. Nevertheless, organizational structures within civil society, aimed at promoting integrity, transparency and accountability, are emerging, offering an opportunity for stronger EU support to citizen's people's involvement, increasing the demand for accountability and reducing corruption tolerance. Operating within a relatively favourable legislative and regulatory environment, media are a potentially powerful tool to investigate and inform citizens people about weaknesses and violations of ITA and foster corruption intolerance. However, the impact of traditional mass media is weakened by lack of reach, lack of journalistic quality and interference by political and private interests. Social media have in the recent past emerged as means to vent popular discontent over misappropriation of funds and poor service delivery. Though still limited, they nevertheless offer an opportunity for enhanced rights-holders/citizen's engagement, which is ultimately necessary to increase the demand side for integrity, transparency and accountability in the public sphere. The enhanced use of supportive digital tools will further contribute to the impact of the action.

(b) Pilot subnational level: ITA systems and practices in Bougainville.

The Autonomous Bougainville Government is a nascent administration with a special status within PNG. Following the independence referendum in 2019, consultations are currently being held on its future status. The process of transition of powers from PNG's central government to the ABG generates the need to anchor ITA systems at ABG level from the very beginning. Embedded in Bougainville's 2018-2022 Development Strategy and in accordance with the Shaping Bougainville Justice programme, the ABG, notably the Office of the President and the ABG Department of Justice, is keen to build its capacities and develop ITA systems, processes and mechanisms for Bougainville's public administration, as indispensable tools to ensure adequate service delivery to the population. Concrete examples include the creation of a position in the Office of the President tasked with the coordination of governance-related issues across ABG departments. The EU has been requested by ABG to further strengthen capacity and assist the ABG in those efforts. Considering the ongoing progressive increase in the autonomy of Bougainville, this opens an ideal window of opportunity for EU's support to establishing integrity and accountability mechanisms in the ABG, including in the the environmental sphere, at a critical moment.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Pillar 1: PFM

The main government stakeholders in charge of implementing PFM reforms include: the Department of Finance, the Auditor General's Office, the Parliamentary Accounts Committee, ABG Department of Finance, ABG Department of the President and Bougainville and Provincial and District Government administrations. Bougainville's institutions have been slowly increasing their competences and capacities. However, progress on reforms already undertaken at national level has been limited.

The main development partners involved in the sector are the members of the EU-led PFM Working Group: the IMF, ADB, World Bank, Australia and JICA.

Pillar 2: Integrity, transparency and accountability (ITA) systems and practices

The main government stakeholders involved in the design and implementation of ITA systems and practices relevant to the implementation of the Action include: the Departments of Justice of ABG, the Department of the President of the ABG, Bougainville Strategic Research and Planning Secretariat, and still dependant on PNG, the Ombudsman's Commission and the Bougainville police. Bugainville institutions lack capacity, while PNG national insitutions, notably the Independent Commission against Corruption, remain in the lead in the implementiton of key pieces of legislation, including the National Anti-Corruption Plan of Action (NACPA) 2020-25. The main stakeholders for ITA systems and practices include a limited number of NGOs and traditional media,

which have limited reach and capacity. The main development partners involved in the sector are Australia and the UN, notably UNDP and UNODC.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to improve the use of public financial resources at PNG's central government and at pilot subnational levels (Bougainville).

The Specific(s) Objective(s) (Outcomes) of this action are to:

1. Improve PNG's PFM system and framework, with a focus on public sector audit and Parliamentary oversight (national level) and PFM in Bougainville (pilot subnational level)
2. Strengthen the integrity, transparency and accountability (ITA) systems and practices and make them more inclusive, with a focus on the demand side for accountability (national level) and to improve ITA systems at pilot subnational level (Bougainville).

The Outputs to be delivered by this action are:

Outputs Contributing to Specific Objective 1

(a) National level:

1.1 AGO institutional reforms implemented, audit backlog cleared and audits presented within mandated deadlines and in line with national rules and regulation

1.2 Public Accounts Committee (PAC) of PNG's Parliament submitted an increasing number of audits for debate to Parliament

(b) Pilot subnational level (Bougainville)

1.3 Bougainville's PFM system, capacities and institutional frameworks improved, based on a subnational (Bougainville) PEFA and the adoption of a PFM improvement roadmap

Outputs contributing to Specific Objective 2:

(a) National level:

2.1 CSO (including women and youth-led organization), media, think tanks and other stakeholders trained to promote ITA through research, publications, outreach to the population and the use of tools and mechanisms for social accountability, for instance citizen's budget

2.2 Quality investigative journalism products on ITA by journalists, bloggers, social media users and other stakeholders have increased

(b) Pilot subnational level (Bougainville)

2.3 ITA policies, regulations and action plans adopted and implemented by the ABG

2.4 ABG staff (Office of President; Department of Justice, other) mandated to address transparency and accountability issues trained and equipped with enabling equipment

2.5 An inclusive multi-stakeholder ITA consultation mechanism is established and operational

Issues related to governance in the environmental sector will be considered across this SO.

3.2 Indicative Activities

Indicative activities contributing to SO1:

- Conduct an institutional analysis of the AGO and provide recommendations and technical assistance for institutional reforms;
- Support improvements in the Supreme Audit Institutions (SAIs) performance measurement framework;
- Based on a training needs assessment, deliver training, mentoring, workshop and seminars on the functioning of a supreme audit institution and Parliamentary accounts committee, including notions of human rights based approach and gender responsiveness, and develop comprehensive budget analysis manuals for MPs and Parliamentary staff;
- Support the AGO's capacities and institutional mechanisms in clearing the public sector audit backlog

- Based on a subnational PEFA for Bougainville, support the ABG Department of Finance in developing and implementing a PFM roadmap;
- Deliver training, mentoring, workshops and seminars to relevant ABG institutions on core components of PFM and their implementation (PFM “certificate course”); Support the authorities in drafting PFM regulations and establishing monitoring and enforcement frameworks including gender and environmental PFM regulation as well as Domestic Revenue Mobilisation linked with the resource and the non-resource economies.
- Provide IT and energy equipment to key Bougainville PFM stakeholders notably the Department of Finance and Treasury

Indicative activities contributing to SO2:

- Providing trainings, advice and mentoring to CSOs, including youth’s and women’s organisations, think tanks and other relevant stakeholders and strengthen CSO’s joint action and networking;
- Providing structured trainings to media actors including the PNG Media Council, journalists, bloggers and social media users on investigative journalism;
- Support think tanks’ enhanced research, studies, reporting, publications and outreach regarding ITA in the public sphere and making information accessible to the population as well as specific stakeholders;
- Organising ITA events;
- Based on an in-depth assessment and mapping of Bougainville’s ITA actors and architecture, providing advice, training and mentoring to the ABG Department of Justice and Office of the President to develop, institutionalize and enforce inclusive ITA policies, strategies, systems and mechanisms;
- Supporting ABG to strengthen their planning and monitoring mechanisms;
- Identifying integrity champions and strengthening the integrity champions’ network in Bougainville;
- Creating a digital database system recording accountability reports and ensuring access of AROB population to the system and/or related information, and including information on public expenditure;
- Equipping targeted Bougainville institutions with enabling digital equipment and train users, ensuring equal access to digital tools and skills for women and men;
- Identifying opportunities and providing support, as appropriate, to strengthen environmental governance and the management of natural resources in Bougainville.

3.3 Mainstreaming

Environmental Protection & Climate Change

Good governance and sound environmental management are closely interlinked. Opportunities to enhance environmental governance, and the management of natural resources, will be part of a constant dialogue with the relevant authorities throughout the implementation of the action.

Outcomes of the SEA screening

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

Outcomes of the EIA (Environmental Impact Assessment) screening

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that women are key stakeholders in this action. Suffering disproportionately from discrimination, crime and corruption, poor service delivery and exclusion from decision-making spaces, they will benefit strongly from increased accountability and transparency, at both national and regional level. The action will promote gender mainstreaming and gender-responsive initiatives throughout the ABG institutions, and support human rights and gender responsive legislative scrutiny of audit reports. Active participation of civil society organisations representing women groups will be ensured in the implementation of the action. Sex-disaggregated data and gender-sensitive indicators will be used to measure the action’s impact on gender equality. The action will contribute to the implementation of the Gender Action Plan III, in particular to its objective to promote women’s

equal participation and leadership. In technical assistance and all capacity-building activities meaningful and equal participation of women will be supported throughout the implementation.

Human Rights

Human rights will be enhanced through this action in multiple ways, including through strengthening the capacities of national and sub-national state actors to improve their governance structures, thus promoting transparency and accountability, while ensuring that national authorities have the means and incentives to respond to people’s legitimate demands to an equitable allocation of resources and access to public services. Active participation of relevant stakeholders representing rights of different groups, notably youths and women, but also other groups living in vulnerable situations that are often subject to intersectional exclusion and discrimination (such as persons with disabilities) will be ensured. The action will apply human rights based approach principles (applying all human rights, meaningful and inclusive participation and access to decision-making, non-discrimination and equality, accountability and rule of law; transparency and access to information and use of disaggregated data)

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that opportunities for inclusions of people with disabilities will be explored. This will be done by ensuring that the respect for the rights of people with disabilities will be included in the procurement documents.

Democracy

By strengthening the capacities of national and sub-national state actors to improve their governance structures, thus improving transparency and accountability, strengthening the capacity of the media and civil society, and supporting the establishment of public-private partnerships on anti-corruption, this action will strengthen democracy at both national and sub-national level.

Conflict sensitivity, peace and resilience

All project activities will be checked against a conflict sensitive approach to ensure the “do-not-harm” principle is followed and will thus contribute to build a more resilient society. The recommendations of the EU Conflict Analysis Screening, including the importance of strengthening oversight mechanisms of civil society and social accountability through the participation of citizens and communities have been included in the design of the action.

The action will also contribute to mitigating political tensions within ABG and between ABG and PNG by:

- Strengthening the capacity of ABG to enhance transparency and accountability, and enhancing the coordination of ABG with civil society actors, thus contributing to building a more transparent and fairer society;
- Strengthening the capacity of the general population and civil society actors, organisations and communities in PNG, including Bougainville, to increase demand for transparency and accountability, including in regard to the management and distribution of extractive resources.

Youth and women’s organisations play a central role for conflict resolution in Bougainville. The mainstreaming of gender throughout the programme, including by promoting equal participation and leadership of women, and ensuring the active involvement of women’s organisations, and youth, in the implementation of the programme, will further contribute to the mitigation of conflict risks.

Disaster Risk Reduction

NA

Other considerations if relevant

NA

3.4 Risks and Lessons Learnt

| Category | Risks | Likelihood (High/ Medium/ Low) | Impact (High/ Medium/ Low) | Mitigating measures |
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| Conflict | Localised violent incidents or more widespread conflict stops programme work | Medium | Medium | PNG and AROB are prone to sporadic outbursts of political violence and/or public protests. If such violence occurs, the action may be adapted to a remote approach until the situation improves. Conflict sensitivity and do no harm principle will be carefully applied throughout the implementation. |
| Political instability | Political instability hampers the implementation of the programme | Medium | High | Politics in PNG are fluid. Votes of no confidence are possible during the programme term. The programme will keep close track of political developments and respond accordingly. The EU will maintain strong working relationships with the PNG and ABG while ensuring political impartiality. |
| | Lack of sustained political will and commitment by PNG and ABG administration and official counterparts | Medium | High | The Programme will encourage ongoing political commitment by liaising closely with key Government counterparts to identify potential roadblocks and collaborative work to address any challenges. |
| Macro-economic policies | The budget deficit, compounded by the covid-19 pandemic, may result in shortfalls in the allocation of funds to policies aimed at supporting women and groups living in vulnerable situations. | Low | Medium | The EU promotes stability- oriented policies, which leave no one behind. The EU supports PNG in diversifying its economy, in particular in the field of agriculture (11th EDF, focal sector 1). |
| Developmental risks | Institutional capacities in the public sphere are limited and not always geared towards implementing adopted policies, hindering the effectiveness of government policies. | High | Medium | Technical assistance will strengthen institutional capacities. Support will also be provided for improvement of capacities for data collection (including se diagggregated data), implementation, monitoring and evaluation of policies. The EU will continue working together with other likeminded partners to address these shortcomings. |
| Corruption and fraud | Corruption is systemic and widespread. Weaknesses in the public sector favour corruption and the existing legal, regulatory and institutional framework are not sufficiently enforced. | High | Medium | In addition to measures to improve the integrity system of PNG, the EU will strengthen key pillars of PNG's integrity and accountability architecture. Implementation of effective legislation and measures to combat money laundering by PNG are being encouraged and closely monitored, including through targeted ongoing technical assistance. |
| Health-related risks | Geographically challenging region with high health risks linked to COVID-19 pandemic | High | Medium | The effects of Covid-19 on the government and counterparts of the programme, and the society at large could be detrimental. Remote support may be considered if new waves occur in PNG and AROB. |

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Lessons Learnt:

This PA will build on experience and lessons learnt from EU’s longstanding engagement in PFM, human rights and the ongoing EU-PNG Partnership for Good Governance.

Pillar 1: PFM: Extensive EU and other partners’ support to PFM show that the success of support measures require an in-depth PFM analysis followed by appropriate sequencing of PFM reforms, high level commitment by mandated and targeted authorities and institutions, and a continuous engagement between development partners and authorities. While PNG’s earlier PFM reform successes focused on actions under the control of the Department of Finance, development partners highlight the need to ensure that the new reform roadmap becomes a whole of Government commitment and includes actors such as the AGO. The continuous implementation of the PFM improvement roadmap will require stronger internal donors coordination as well as with relevant Government stakeholders. Specifically related to actions targeting Supreme Audit Institutions (SAIs), the report “High Quality Performance Auditing in the Pacific 2016” from the Pacific Association of Supreme Audit Institutions (PASAI) highlights as best practices in the Pacific Island Countries: building capacity of performance audit, establishing hotlines facilities for reporting fraud, abuse or waste, include peer review processes, ensure effective use of technical advisors and follow up of public audits. Actions at subnational level need to be based on an adequate prior PFM diagnostic, followed by the preparation of a roadmap to address key weaknesses in the short, medium and long term. Subnational PFM capacities, including in Bougainville, have been assessed as weak and lacking critical digital tools and enabling infrastructure.

Pillar 2: Integrity, Accountability and Transparency systems and practices: Prior experience, research and consultations have identified the following key enablers to successfully strengthen governance in the public sphere: (i) coherent legislation, conducive institutional framework, (ii) simultaneously empowering relevant authorities and persons, including influencers, to ensure that rights holders are conscious of their rights and have the ability to demand transparency and accountability, including through the enhanced use of digital tools.¹ The ongoing EU-funded PAIS project, implemented by Transparency International PNG, unveiled the limited capacity of investigative journalists and the media in PNG, thus underlying the need for further support and trainings. The partnership agreements on transparency and anti-corruption between PNG institutions and TI, concluded in the course of the implementation of the project, offer good practices that could be replicated in Bougainville. Performance criteria and indicators as well as M&E need to be integrated more effectively in anti-corruption strategies.

¹ In the course of implementing the EU-PNG Partnership for Good Governance, the EU has gained the reputation as a reliable partner, supporting the Government in key regulatory reforms. The first stages of implementation of the Partnership, in line with the evaluation of anti-corruption strategies across Asia-Pacific, emphasized the importance of strengthening monitoring and reporting in the PNG law and justice sector, as well as the need to increase capacity and coordination within the public sector to ensure the implementation of the reforms.

3.5 The Intervention Logic

The action will contribute to the improved use of public financial resources and service delivery in PNG including Bougainville by a) enhancing the integrity and transparency of PNG PFM systems and frameworks, and b) developing a culture of integrity and corruption intolerance, through targeted national and pilot subnational (Bougainville) interventions. The support to mandated institutions based on existing policies, involving multi-stakeholder platforms and enhanced use of digital tools will contribute to the sustainable impact of the action. The action will enhance integrity and promote gender and youth mainstreaming throughout the programme, including by ensuring equal participation and leadership of women, and the active involvement of women and youth organisations. By enhancing integrity and transparency, it will also contribute to the mitigation of conflict risks.

Pillar 1: PFM

At national level: If institutional and legislative reforms are implemented within PNG's AGO, and if AGO's and Parliament's Public Accounts Committee's capacities (including digital) are strengthened to fulfil their statutory role of providing quality insurance on the use of public funds compliant with relevant laws and regulations as well as international good practices and conventions, then a key gap in PNG's PFM chain will be closed and public funds will be used in a transparent and accountable manner for improved public services for all.

At pilot subnational level (Bougainville): If ABG's main PFM-mandated staff (notably Department of Finance and Treasury, and Office of the President's) are capacitated in PFM and if adequate processes and mechanisms to manage ABG budgets are in place, then available funding for, and quality of, service delivery for the people of Bougainville will increase.

Pillar 2: Integrity, Transparency and Accountability systems and practices

At national level: If media (including social media), civil society including organizations working with women and think tanks' capacities to research, report on and inform the public on ITA issues have increased, then the population's corruption tolerance will decrease and the increased public scrutiny and demand for accountability (complementing public sector reforms promoted by ongoing EU actions) will result in the improved use of public resources for inclusive and responsive service delivery.

At pilot subnational level (Bougainville): If institutional reforms, governance and ITA capacities of Bougainville's state and non-state actors engaged are strengthened, if adequate ITA policies and strategies are in place, implemented and enforced, in accordance with the UN Convention Against Corruption, and if the population's corruption tolerance is reduced, then public scrutiny will increase, the abuse of public resources will be reduced and public service delivery for all population will be improved.

3.6 Logical Framework Matrix

| Results | Results chain (@): Main expected results (maximum 10) | Indicators (@): (at least one indicator per expected result) | Baselines (values and years) | Targets (values and years) | Sources of data | Assumptions |
|---------------------------------------|---|--|--|---|--|--|
| Impact | To improve the use of public financial resources in PNG including Bougainville | 1 Overall PEFA Indicators 2 Corruption Perception score | 1 Overall PNG PEFA 2019 indicator scores: D (11), D+ (11), C (4), C+ (2) and B (3) 2: 31 (TI CPI 2021) | 1 Improvement 2 Improvement | 1 PNG and AROB PEFA Assessment reports 2 Transparency International Index | <i>Not applicable</i> |
| Outcome 1 | 1. PNG's PFM framework is improved, with a focus on public sector audit (national level) and PFM in Bougainville (pilot subnational level) | 1.1 PEFA indicators on external scrutiny and audit (Pillar VII) 1.2 Bougainville subnational PEFA | 1.1 PEFA 2019: PI30 score D and PI31 score D 1.2 Overall ABG PEFA Scores | 1.1 Improvement 1.2 Improvement | 1.1 PNG and AROB PEFA Assessment 1.2 Project reporting | PNG and ABG remain committed to implement PFM reforms |
| Outcome 2 | 2. Integrity, transparency and accountability (ITA) systems and practices are strengthened, with a focus on the demand side for accountability (national level) and improved ITA systems at pilot subnational level (Bougainville). | 2.1 Number of CSOs (including women's organisations), media and general public actors (a) reached and (b) trained through EU support 2.2 % of persons who perceive the ABG anti-corruption efforts as satisfactory, disaggregated | 2.1 0 2.2 0 | 2.1 Increase 2.2 Increase | 2.2 Project reports 2.1 Survey | Civil society and the media are committed to increase demand for transparency and accountability The ABG remains committed to fight against corruption. |
| Output 1 relating to Outcome 1 | 1.1 AGO institutional reforms implemented, audit backlog cleared and audits presented within mandated deadlines and in line with national rules and regulation | 1.1.1 % of mandatory public sector audit completed and submitted within mandatory deadlines 1.2 Number of AGO staff trained on public audit and PFM with EU support, disaggregated by sex | 1.1 tbd 1.2 0 | 1.1 Targetes to be established 1.2 targetes to be established | 1.1 AGO reports 1.2 Project report | AGO remains committed to fulfill its mandates and implement PFM roadmap |
| Output 2 relating to Outcome 1 | 1.2 Public Accounts Committee (PAC) of PNG's Parliament submitted an increasing number of audits for debate to Parliament | 1.2.1 Number of public sector audits debated in (new) Parliament 1.2.2 Number of PAC staff trained with EU support, disaggregated by sex, including on human rights and gender mainstreaming | 1.2.1 0 1.2.2 0 | 1.2.1 Target to be established 1.2.2 Targets to be established | 1.2.1 PAC reports 1.2.2 Project report | PAC remains committed to fulfill its mandate |

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|---|--|--|---|--|--|---|
| <p>Output 3 relating to Outcome 1</p> | <p>1.3 Bougainville's PFM system, capacities and institutional frameworks improved, in conjunction with a subnational (Bougainville) PEFA and the adoption of a PFM improvement roadmap</p> | <p>1.3.1 Number of ABG relevant staff trained on PFM systems and frameworks with EU support, disaggregated by sex 1.3.2 Number of PFM related policy instruments (including on PFM greening) adopted with EU support 1.3.3 % of ABG's PFM actors equipped with enabling equipment with EU support</p> | <p>1.3.1 0 1.3.2 0 1.3.3 0</p> | <p>1.3.1 Target to be established 1.3.2 Target to be established 1.3.3 Targets to be established</p> | <p>1.3.1 Project reporting 1.3.2 Project reporting 1.3.3 Project reporting</p> | <p>ABG remains committed to implement PFM reforms</p> |
| <p>Output 1 relating to Outcome 2</p> | <p>2.1 CSOs including women's and women-led organizations, media, think tanks and other stakeholders trained to promote ITA through research, publications, outreach to the population and the use of tools and mechanisms for social accountability</p> | <p>2.1.1 Number of targeted stakeholders a) trained and b) reached with ITA messages with EU support (disaggregated by sex, age group) 2.1.2 Number of people using digital tools for ITA purposes, disaggregated by sex, age, 2.1.3 Number of peer reviewed research papers on ITA published, with EU support 2.1.4 Number of women's rights organisations, peacebuilding organisations, women human rights defenders' organisations who participated in consultations with government/state actors</p> | <p>2.1.1 0 2.1.2 0 2.1.3 0 2.1.4: 0</p> | <p>2.1.1 Increase 2.1.2 Increase 2.1.3 Increase 2.1.4 INcrease</p> | <p>2.1.1 Project reports 2.1.2 Surveys and project reports 2.1.3 Project reports 2.1.4 Project reports</p> | <p>The population remains interested in contributing to ITA Relevant stakeholders remain committed to research and reaching out to the public on ITA issues</p> |
| <p>Output 2 relating to Outcome 2</p> | <p>2.2 Quality investigative journalism products on ITA by journalists, bloggers, social media users and other stakeholders have increased</p> | <p>2.2.1 Number of articles following established standards published in PNG on traditional and social media related to transparency and accountability issues 2.2.2 Number of journalists, bloggers, social media activists etc received a structured training related to transparency and accountability in PNG with EU support (disaggregated by sex).</p> | <p>2.2.1 Baseline to be established 2.2.2 0</p> | <p>2.2.1 Increase 2.2.2 Increase</p> | <p>2.2.1 Media reviews 2.2.2 Project reporting</p> | <p>Traditional and social media users are committed to addressing transparency and accountability, based on established quality standards</p> |

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|---|--|---|----------------------------------|--|--|---|
| Output 3 relating to Outcome 2 | 2.3 ITA policies, regulations and action plans, including on environmental governance, adopted and implemented by the ABG | 2.3.1 Number of ITA policy instruments adopted by ABG | 2.3.1 Baseline to be established | 2.3.1 Targets to be established | 2.3.1 Project reports, government reports | The ABG is committed to implement its ITA agenda |
| Output 4 relating to Outcome 2 | 2.4 ABG staff (Office of President; Department of Justice, other) mandated to address transparency and accountability issues, are trained and equipped | 2.4.1 Number of ABG staff trained on ITA with EU support, with increased knowledge (disaggregated by sex, topic of training). 2.4.2 % of ABG's ITA actors equipped with enabling equipment with EU support | 2.4.1 0 2.4.2 0 | 2.4.1 tbd 2.4.2 Targets to be established | 2.4.1 Project reports 2.4.2 Project reports | The ABG remains interested in capacity building opportunities offered by the action |
| Output 5 relating to Outcome 2 | 2.5 A, inclusive multi-stakeholder ITA consultation mechanism is established and operational in Bougainville | 2.5.1 Number of agreements concluded between civil society organisations and ABG insitutions on joint anti-corruption activities . | 2.5.1 0 | 2.5.1 tbd | 2.5.1 Project reports, government reports | The trust between the ABG and civil society is sufficient to establish a meaningful interaction |

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the Government of Papua New Guinea.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of the adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures.

4.3.1 Direct Management (Grants)

Grants: (direct management)

(a) Purpose of the grant(s)

The grants will target outcome 2, notably outputs 2.1 and 2.2 of the action. This call will be launched on 1 September 2022 under a suspensive clause prior to the adoption of this Decision. This is justified because of the urgency of the services to be delivered within the limited contracting period, the complexity of the procedures and the number of procedures to be managed by the Delegation. The start of the procedure is therefore required without further delay.

(b) Type of applicants targeted

Non-governmental organisations. Applicants should be able to demonstrate the capacity to implement a human rights based approach and gender mainstreaming.

4.3.2 Direct Management (Procurement)

Equipment will be procured to achieve outputs 1.3 and 2.4.

Technical assistance support will be provided for the implementation of outputs 1.1, 1.2, 1.3, 2.3, 2.4 and 2.5. This call for tender will be launched on 1 September 2022 under a suspensive clause prior to the adoption of this Decision. This is justified because of the urgency of the services to be delivered within the limited contracting period, the complexity of the procedures and the number of procedures to be managed by the Delegation. The start of the procedure is therefore required without further delay

4.4 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.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

| Indicative Budget pillars | EU contribution (amount in EUR) |
|---|--|
| Implementation modalities – cf. section 4.3 | |
| Grants – total envelope under section 4.3.1 | 1 500 000 |
| Procurement – total envelope under section 4.3.2 | 5 500 000 |
| Totals | 7 000 000 |

4.6 Organisational Set-up and Responsibilities

The relevant national authorities of the government of PNG and the ABG shall be the main counterpart for the implementation of the programme.

A steering group - the forum for regular bilateral exchange between Government and the EUD about the progress, challenges and any possible issues and obstacles in the implementation of the action - will be established, comprised of the EU Delegation, the relevant GoPNG authorities (Department of National Planning and Monitoring, the Department of Finance, the Auditor General Office, the Parliamentary Accounts Committee) and the relevant entities of the ABG (Department of Finance and Treasury, Office of the President, Department of Justice & Legal Services). The civil society organisations involved in the implementation of the programme and selected civil society organizations, representing specific groups, including women, may also be invited by the chairs to participate in the Steering Committees.

The steering group will be co-chaired by the EU Head of Delegation and the Secretary for the Department of National Planning and Monitoring and will meet every six months, upon invitation by either DNPM or the EU Delegation. Additional meetings can be called by any of the two co chairs. The main role of the steering committee is to provide strategic guidance and oversight and to advise on the achievements of the programme results. The steering group will oversee the implementation of the action and will constitute the forum for the policy dialogue.

The action will be carried out in the framework of wider coordination mechanism:

- 1) with other PFM partners including in the existing Development Partners' PFM Working Group, and in particular with Australiafor actions supporting Bougainville.
- 2) With the Steering Committees, established both at programme and project level, in the framework of the Partnership for Good Governance Programme.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

Demonstrated gender equality and human rights based approach (HRBA) expertise will be ensured during the implementation of the action. Gender equality and HRBA will be also integrated in relevant technical assistance and capacity building activities and documents (i.e. ToRs, etc.) as a minimum requirement of expertise.

5 PERFORMANCE MEASUREMENT

5.1 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 logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support). Indicators shall also be disaggregated at least by sex. All monitoring and reporting shall assess how the action is taking into account the human rights based approach and gender equality.

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).

Roles and responsibilities for data collection, analysis and monitoring:

The performance monitoring system will follow the intervention logic and contribute to the monitoring of the whole action, concentrated in the PNG and ABG relevant Departments. Reports 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 action will also include baseline studies to measure satisfaction levels of the public with the action of the ABG administration on anti-corruption, and assess the capacity and awareness of ABG's administration and civil society organisations on transparency and accountability issues. Those studies will be carried out under the regular budget of the relevant related actions. 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).

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows: strengthening of monitoring and reporting of the PNG and Bougainville government are targeted under the regular budget of the related actions.

Monitoring and evaluation will assess HRBA principles (meaningful and inclusive participation and access to decision-making, non-discrimination and equality, accountability and rule of law; transparency and access to information and use of disaggregated data) and impact on gender equality. It will be based on gender-responsive indicators and indicators that are disaggregated by sex and age when applicable. Demonstrated gender equality and HRBA expertise will be ensured in M&E teams.

5.2 Evaluation

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. Multidisciplinary evaluation teams will be set up to that effect, including with an expertise in gender and human rights issues.

The mid-term evaluation will be carried out for problem solving, learning purposes, and in order to assess the possibility to continue supporting PNG on good governance. A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision) taking into account in particular the fact that the findings of the evaluation will inform future programming and provide useful information to the implementation of contracts in PNG and the region. All evaluations shall assess to what extent the action is considering the human rights based approach as well as how it contributes to gender equality and women's empowerment.

The Commission shall inform the implementing partners 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 may be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract.

The financing of the evaluation may be covered by another measure constituting a Financing Decision.

5.3 Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

An Intervention (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as

| Action level | | |
|-------------------------------------|---------------|---|
| <input checked="" type="checkbox"/> | Single action | Present action: all contracts in the present action |