

PNG Country Partnership Framework – Consultation with PNG Government

Meeting Minutes

October 10, 2018

Government of PNG was represented by the National Department of Health, Department of Energy, Department of Treasury, the Department of National Planning and Monitoring, Department of Agriculture & Livestock, Department of Provincial & LLG Affairs, Department of Finance, the Department of Works and Implementation and the following statutory bodies: Bank of PNG, Internal Revenue Commission, Tourism Promotion Authority, Water PNG, National Capital District Commission, PNG Power Ltd and Mineral Resource Authority.

World Bank Group represented by World Bank and IFC Country Offices.

Introduction: Further to consultations with Government on the WBG's Systemic Country Diagnostic (SCD) in October 2017, detailing the development challenges PNG faces, consultations were held with Government on October 10, 2018 on the proposed Country Partnership Framework (CPF). The CPF is the intersect of PNG's third Mid-Term Development Plan (MTDP III) and the SCD, taking into account the WBG's comparative advantage in certain areas. Following a presentation on the CPF's conceptual framework, the MTDP III, and the WBG's alignment to the MTDP III, participants formed two working groups and responded to seven questions, summarized below.

Do the proposed CPF Focus Areas reflect Government priorities? Which sectors should the World Bank concentrate its efforts given its comparative advantage, and investments by the Government and other development partners?

- Working group members agreed that CPF focus areas closely reflected the Government's priorities as outlined in the MTDP III, the National Strategy for Responsible Sustainable Development (StaRS), and the Alotau II Accord.
- Members agreed donor mapping would be helpful, so that Government has a better understanding who is doing what and where to determine comparative advantage and ensure that districts which have received little or no support, are provided with support.
- The Department of National Planning and Monitoring (DNPM) noted that such mapping should be ready by February/March 2019.
- DNPM noted its support of the Bank's Agriculture, Transport and Health sector investments, although questioned the impact and sustainability of the Bank's youth engagement. Agreement that agriculture and SMEs are key priorities for supporting growth in the economy.
- Panel members agreed that WBG should have fewer focus areas of engagement under IDA19 and be engaged for the longer term.
- A point was raised about building capacity at subnational levels, so districts and communities can address their own development needs with the backing of social services spending from the Government.

- The importance of building the Bank's engagement on data collection and analysis in PNG was stressed, including in tourism, energy and health. DNPM are providing a framework to identify the relevant parties engaging in each area to assist the data agenda.
- Ensuring institutional linkages and coordination within the WBG programs was emphasized to be critical for sustainability – physical investments for example should be linked to recurrent budget planning.

How can the WBG improve the gap between design and implementation in PNG, and start implementation faster following effectiveness?

- Participants noted that Bank projects should not be made effective until a project management unit (PMU) is set up, with a procurement plan and safeguard plan in place.
- Participants said that the WBG Country Office (CO) staff need to provide increased support – and should have sector specialists in the CO as well as FM (incl disbursement), procurement and safeguards staff, so that PMU staff can reach out daily basis rather than waiting for a scheduled mission.
- Better communication flow between Bank project teams and counterparts is needed as information shared at senior levels within departments does not always reach the working level.
- Greater harmonization of policies and procedures among donors, or preferably a greater commitment to use government systems.
- IT connectivity within implementing and central agencies is often slow or unreliable which creates difficulties with Client Connections and STEP. The Bank should continue to assist colleagues with access to Bank platforms in the CO.
- Ensure that projects are linked up on multi-sectoral issues e.g. health, nutrition and WASH.
- Ensure that provincial governments are involved in project design at from the inception of a project.

What training is important for implementing agencies? How can the WB support implementing agencies better?

- On-the-job training was seen as more valuable by participants than being sent on a workshop abroad - guidance on how to solve issues on the job is very important.
- PMU and counterpart agency staff require training on disbursements – e.g. how to set up designated accounts.
- PMU staff need better guidance and training on how to implement WB projects by the WBG – particularly in financial management, procurement, and safeguards.

How should cross cutting areas such as governance, gender, climate change and DRM be addressed in WBG projects?

- In general, participants agreed that climate change, DRM and gender should be integrated into design and implementation of projects and programs rather than discrete projects, given the need for the Bank to consolidate the portfolio.
- It was noted that gender had been poorly addressed in DRM and yet women often bear the brunt of disasters.

- Regarding gender and GBV, WBG programs could partner with NGOs that focus on these areas.
- Safeguard concepts should be expanded to gender and governance and applied to each project. On governance, the WBG was encouraged to partner with other DPs, e.g. DFAT.
- Also encouraged to have private sector more engaged in DRM at district and ward level.
- Recommended there be a predesign model for DRM and preparedness for projects.

How can GoPNG support private sector investment to deliver against the MTDPIII and CPF goals?

- Considerable discussion was held on the importance of developing the Small and Medium Enterprise sectors and how to support the graduation of agricultural small holders into SMEs. How do we bring about change – important to provide the right mix of resources, support, capacity building, and training that is needed to help small business grow without losing their voice and ownership e.g. over land.
- IFC noted that SMEs are key to their agenda, and they would like to understand how the private sector can work better with government to support this agenda.
- Incubation centers had been used in the past, and there is interest in exploring this model at provincial levels again. Government is interested in the Indian model of business incubators, and the WBG could usefully provide experiences from other regions.
- IFC shared its experience with farmers in the Markham Valley where they are providing training and support to farmers within particular areas as a demonstration effect, with the view to replicating activities elsewhere.
- Participants agreed that a structured dialogue with Government was needed on private sector issues. This would include identifying areas for Government support to attract private sector investment, e.g. IFC is looking at attracting private sector investment into the energy and health sectors however, there is likely to be a need for performance guarantee from Government to facilitate entry into the market.
- Interest was expressed in WBG sharing its experiences around public private partnerships and civil society obligations in key utilities.

The WBG has raised exploring greater geographical convergence to improve the impact of investments with the Government. How should it do this? How should it work in vulnerable regions?

- While the concept of geographic convergence was appreciated, it was noted that some districts are falling through the cracks and this is impacting human development results.
- Improving human development indicators is the key objective of government and as such donors and Government need to get out of their comfort zones.
- This does not mean being involved in all districts however the WBG does need to be willing to deliver activities in difficult, remote, and underserved areas. This may mean exploring options in a couple of provinces or districts, and then replicating the model to other areas.
- It was noted that engagement in the tourism sector does address several vulnerable groups, including gender and youth. While the early focus is on East New Britain and Milne Bay, there is scope to replicate the model. It was emphasized that the engagement of WBG in tourism, was a strong signal for other donors in terms of engaging in the sector.