Dear Secretary General,

With great pleasure, I report to you the UN’s accomplishments in Papua New Guinea (PNG) in 2007. After a short summary of the political and socio-economic environment in which we have operated, this report will describe our significant actions to enhance UN coherence by both the ExCom and non-ExCom agencies, highlight progress towards our UNDAF outcomes, and outline the key aspects of the 2008 Workplan. As we have done in the past reports, we will use this opportunity to provide a short brief on the current situation in Bougainville and the security conditions in PNG together with a few recommendations for DGO consideration.

Brief description of major development or political events effecting UNCT work in 2007

Upon the successful completion of the 2007 National Elections, the new Government was sworn in on the 13th August replacing the previous Government that served out the first full five-year term in PNG since Independence in 1975. The National Alliance (NA) won the elections, and its current leader Hon. Grand Chief Sir Michael Somare stayed on as Prime Minister; a post he has held three times earlier. The current balance between Government (87) and Opposition (21) is generally perceived to be rather fragile, and raises particular concerns in the Highlands.

As a founding member of the Coalition for Rainforests committed to improving forest protection and reducing deforestation and degradation, the Government of PNG strongly advocates for the development of global financial mechanisms based on carbon to combat climate change. The Reduced Emissions from Deforestation and Degradation (REDD) is an initiative that identifies opportunities to reduce carbon emissions from extractive use of intact forests whilst attracting foreign investment to the country. The outcome of the COP13 in Bali has been a major achievement for PNG as the above initiative has now become an agenda item under the Climate Change convention.

2007 marked the fifth consecutive year of economic growth and macroeconomic stability, this success was underpinned by high global prices for PNG’s key mineral export commodities and prudent fiscal and monetary policies. On 20th November 2007, the new Government presented the National Budget 2008, highlighting PNG’s continued enjoyment of strong commodity prices for its key export products resulting in windfall tax revenues. As per the new proposed Medium Term Fiscal Strategy, these windfall revenues are not included in the recurrent or development budget; a laudable strategy which avoids servicing commitments in the future. The main theme of the National Budget is ‘Empowering the People’ and great emphasis is placed on reaching out to the provinces and districts and has allocated resources accordingly. The Development Strategy of the budget reflects increased alignment (now 53%) of all Government expenditures (direct financing, tax, credit and loans) with the Medium Term Development Strategy (2005-2010). 64.5% of the national development budget is expected to be in the form of project grants from Donors. Australia continues to be the largest project grant donor providing over 70.4 % of this complement of the development budget. Also notable, the contributions from the EU and New Zealand are expected to more than double in 2008.

Despite the economic growth reported, PNG remains behind its peers in regards to making headway towards improving its human development indicators. Ongoing reforms to promote human development should be implemented during this current favorable economic condition and political stability, which will benefit the current human development index that stands at 0.530. PNG dropped from 139th to 145th in the Human Development Index in the 2007/2008 Human Development Report.

Summary on progress towards UNDAF outcomes

Highlights on progress towards UNDAF outcomes (inputs provided by TG Chairs: In 2007 the Inter-Agency Programming Committee (IAPC) and a UN Operations Committee (UNOC) that were formed by the UNCT in 2005 continue to change and strengthen inter-agency coordination. The Inter-Agency Programme Committee, provided leadership throughout the UNCP process while also ensuring Joint UN Projects progressed according to plan. The UNCT decided that once the United Nations Country Programme was signed, the IAPC needed to be reformulated to incorporate Task Team Leaders for each of the 17 thematic programme areas. Therefore the Programme Coordination Committee (PCC), a committee that seeks opportunities for programme cross fertilization and synergies, and advises the UNCT accordingly, was created to replace the IAPC. This PCC committee also advises the UNCT on challenges and opportunities concerning programme management. Most notably, the PCC ensures knowledge sharing and coordination among the different Task Teams that are supporting the Annual Work Plans at the Intermediate Outcome Level. The Task Teams include representatives of relevant UN Agencies that are contributing to the implementation of the Annual Work Plan. The Task Team Leader is not necessarily representing the agency that signs the AWP, but rather represents the agency with the ‘technical leadership’ in that particular thematic area.

The UNCT have also put considerable efforts into finding ways to strengthen and reform the UN Operations teams and output in PNG. Through the generous cost-sharing contributions received from UNDP, UNICEF Regional Bureaus and UNFPA HQ, an ‘Inter-Agency Management and Structure Support Team’ came to PNG in July to help move the UN Agencies ahead with their UN Reform agenda. Under the leadership of an international organizational management consultant and a very
high caliber team of inter-agency HR, IT and Operations experts, the UN Staff in PNG, particularly ExCom, benefited from this mission and their undertaking in clarifying options pertaining to inter-agency management arrangements, most specifically in operations, in the context of ‘Delivering as One’. The mission team noted that the Programme team was well advanced in preparation for the One UN Country Programme, however, similar progress had not been achieved with respect to Operations. It was recommended that the Operations work in four Task Teams, namely HR, Finance, IT and Administration to try and formulated focused workplan to fast track each of these priority areas in 2008.

The Inter-Agency Standing Committee Disaster Management Team continued to meet on a monthly basis and members worked together effectively to respond to the Oro Province floods as a result of Cyclone Guba. OCHA staff continued to work closely with National Disaster Centre (NDC) colleagues to strengthen disaster preparedness, coordination structures and emergency response capacities at the provincial and national level. NDC and OCHA facilitated a national contingency planning exercise, resulting in a national contingency plan covering scenarios common to PNG.

Under the Chairmanship of the UNFPA Representative, 2007 was another successful year for the UNTG for HIV and AIDS. Major outputs from the UNTG support provided include the finalisation of the National Estimation Report on HIV and AIDS being launched in August, the drafting of a HIV/STI Surveillance Plan, the costing of the National Strategic Plan was initiated, on-going training on monitoring and evaluation of HIV and AIDS at the Provincial level, the launching of the NSP Gender Strategy and the successful GFATM Phase 2 for HIV and AIDS grant being approved. The UNCT have selected the UNAIDS Country Coordinator to be the Task Team Leader for the three joint annual workplans under the new United Nations Country Programme and hope that this will bring even greater coherence and impact from UN programming in this area.

UN Staff Safety and Security Update: Unfortunately, the UN has observed a continued deteriorating law and order situation which has allowed an increase in criminal activities. Police blame the downward spiral on lack of proper training and resources and state that the style of crime in the country is becoming increasingly sophisticated. The crime status in the capital is seen to be escalating with multiple instances of armed robberies and carjacking leading to the perception that Port Moresby is one of the most dangerous cities in the world. In Goroka, the security situation is unstable and there is no indication of any possible improvement of security situation in the near future. Though the elections took place successfully in 2007, weak governance, a lack of strong political determination, corruption, a weak judiciary and democratic functions are still visible and can be taken as prime reasons behind the deteriorating security situation together with continued high unemployment.

With the continuation of high level of criminal activities, the security phase for the country remains at Phase 2 (Restrictive Movement) for UN staff members and their dependents. The risk to UN staff members and their dependents being caught in crime incidents is very high. International UN staff members in Goroka, Manus island, Buka, and Arawa face significant barriers related to insecurity, social and geographic isolation, and limited opportunities for recreation that are judged to impede productivity and functional psychosocial adjustment. Similarly, statistics show that UN staff working in Port Moresby are exposed to levels of insecurity that match all aspects of phase III and certain aspects of phase IV. Some of the types of risk the UN staff and their dependents are exposed to can be categorically indicated but not limited to murders, gang rapes, carjacking, armed robberies, violent house break-ins, political strife, and a multiple array of opportunistic criminal activities.

Bougainville Update: 2007 was a critical year with important gains and losses for the Autonomous Region of Bougainville. On the plus side, the signing of the Panguana Communique between the Autonomous Regional Government and the Mekamui Unity Government, improving the security and unity of Bougainville and allowing access to services and development for a significant portion of the population. Also the phased drawing down of powers for minerals and petroleum and gas were negotiated with the PNG Government. On the negative side, six top civil servants died of natural causes, including the Administrator. This led to a delay in setting up critical government processes such as the recruitment of personnel by at least six months.

The UNDP BPCS had a corresponding year of highs and lows. Due to lack of financial sponsorship it was unable to complete its intended economic activities support, but it implemented an innovative and appreciated bottom-up reconciliation, human rights and training program with piloted local level governments (the Council of Elders) as well as developed a concept paper for Gun Control. These seminal initiatives were timely and 2008 had been declared by the ABG House of Representatives as the ‘Year of Reconciliation and Weapons Disposal’.

2008 will bring greater coherence in UN Programming in Bougainville as all agencies in PNG will work towards the implementation of a common work plan for the Autonomous Region of Bougainville.

Summary on progress in UN Reform

Highlights on progress in UN Reform i. Efforts to Align with the National Development Process: In July of 2007 after more than a year of consultation and drafts, the Government and the United Nations agencies signed one of the world’s first United Nations Country Programmes, the United Nations Country Programme (2008-2012) a truly integrated programme of the United Nations System in PNG. Instead of fitting individual country programmes into a United Nations Development Assistance Framework, the Government and the United Nations Agencies adopted a holistic approach by defining where the United Nations System in its entirety has comparative advantages and in what ways could these advantages best contribute to the national development vision and goals as set out in the Medium Term Development Strategy (MTDS) and its MDG-based indicators. This UN Country Programme is built on these comparative advantages and in doing so aims to create synergies between the different Agencies which form this country Programme. The UNCT was pleased that the Triennial Comprehensive Policy Review (TCPR) recommendations were adopted by consensus by the Second Committee (18th December), and that our on-going efforts in PNG fully support the call for further implementation of the 2004 TCPR, increased harmonization, simplification, and the use of the UNDAF as a common programming tool.
Following the endorsement of the UN Country Programme in July 2007, the UNCT, with full support of the Government of PNG, developed a common CPAP called “the UNCP Action Plan”. The UNCP Action Plan is a legal agreement between the Government of PNG and the three resident ExCom Agencies (UNDP, UNICEF and UNFPA). Various resident and non-resident specialized UN Agencies and Programmes (WHO, UNHCR, UNIFEM, UNESCO, OCHA, UNV, UNAIDS - with FAO, OHCHR and ILO to follow soon) have co-signed as Participating Agencies in the spirit of ‘Delivering as One’. The Participating Agencies remain governed by their own respective legal agreements with the Government of PNG. With more than 50 different projects and agreements in the past, the UN has now translated a larger size programme into 17 Annual Work Plans (AWPs) – with further reductions expected as the implementation moves forward. The UNCP Action Plan will be guided by a joint Government/UN UNCP Programme Steering Committee. At the end of every year, a joint review process will be undertaken and the lessons introduced in the new work plans. This Partnership is flexible and is designed to evolve and adapt to changing circumstances and will embrace developments or changes in the Medium Term Development Strategy and any other interactions, statement or national development plans that may be agreed on nationally during its five year term until 2012. During the signing ceremony of the UNCP Action Plan on 6 December 2007, the Government reiterated their gratitude to the UN for setting the example of harmonization and alignment for other donors to follow.

While various teams within the UN Agencies were busy drafting and coordinating the country programming documents, internal teams were working to find new ways to further harmonize and simplify the way the United Nations staff interact with each other and do business with the our development partners. The UNCT has concluded that the aim of bringing the UN Agencies together can only succeed if every staff member is proportionally tasked to ‘Deliver as One’ and finds his/her own performance assessed accordingly. Whereas the agency specific performance assessments can not be fully integrated yet, the UNCT has come up with a ‘matrix-model’ which guides the establishment of a comprehensive cross –agency feedback system.

Another initiative that is currently being looked into pertains to the need to further strengthen the UN Agency specific operations teams in PNG and the UNCT in PNG has begun exploring mechanisms for a Joint Operations system building on existing Common Services. This is anticipated to be done through the professionalization of key posts, the potential recruitment of the UN Operations Advisor and possible outsourcing of (some) operational functions. The ExCom Agencies currently operate out of common premises but possibilities for a larger stand alone UN House to accommodate all agencies and improve office security is being reviewed.

Finally, the UNCT has developed a common Resource Mobilization Strategy and hopes to initiate a One UN Fund approach to future resource mobilization from 2008.

ii) support to the national government in the preparation, implementation and/or revision of comprehensive MDG-based national development strategies The UN Joint Programme to Support the Attainment of MDGs enjoyed several successes in 2007. National advocacy campaigns and shifting locations of the Programme Steering Committee meetings to various provinces helped to increase awareness across the country and generate a strong force of MDG advocates. Significant advocacy effort was made to try and improve the statistical base in PNG. The Programme helped to significantly improve the understanding and benefits of utilising a system like DevInfo through training IT personnel in various Provinces and line departments. Significant progress on the localisation of MDGs can be reported as one province has completed its Provincial MDG Road Map, and two others are in-line to draft similar strategies in 2008. Also in 2008, on-going advocacy will be supported as well the drafting of the 2nd National MDG Report and a comprehensive MDG Costing and Mapping exercise. DevInfo will be officially launched as PNG INFO, a stand alone, and web-based database to support the country’s ability to monitor MDG progress.

iii) Progress UNCTs are making collectively in support of the national partners’ endeavour towards capacity development and aid effectiveness

A new development partners forum was initiated in 2007 and meets monthly with the RC and AusAID Head as co-Chairs. The UN has also been very active in supporting the efforts to localize the Paris Declaration on Aid Effectiveness, and has been intensely involved in the discussions within the Technical Working Group on Aid Effectiveness (GoPNG and development partners coordination forum), including the drafting of a PNG national statement on the subject (to be adopted in mid-February 2008). During 2007, the UNDP’s Strengthening Aid Coordination and Management Capacities Project started. The Project’s CTA provides critical technical advice to the DNPM Secretary and the APCD Director, and the Project is starting to enhance the APCD’s capacity to lead the aid effectiveness agenda.

Since 2004, WHO, UNICEF and UNFPA have continued to support the health sector in a Sector-Wide Approach (SWAp) named ‘Health Sector Improvement Program’ (HSIP). All bi- and multilateral Development Partners (DPs) active in the health sector of PNG are signatories to the ‘Partnership Arrangement’. Mid 2007, the role of sitting as chair of the monthly DPs meetings and acting as the spokesperson to the NDOH passed to UNICEF from WHO (who fulfilled this task for the two previous years). During HSIP’s three year existence it has been observed that its mechanisms (management and execution tools, bi-weekly alternating Program and Finance Committee meetings, and the semi-annual NDOH / DP summits) have improved significantly the coordination, and collaboration among DPs and the NDOH. Evidence also emerges that considerable progress in regard to financial transparency and accountability in day to day operation has been achieved. During a joint Government and Donor Partners retreat the NDOH could show some of its achievements through the SWAp, seen as a step in the right direction and envied by other sectors. There is still some way to go for a complete SWAp, covering partners outside the NDOH and its direct supporting DPs, as e.g. the private sector, NGOs and other central agencies of the government (treasury, finance, personnel management & planning). Finally, it has to be admitted that hopes of improving health service delivery for the population of PNG has not been fulfilled as to now. All participating UN agencies have expressed their commitment to support the Health SWAp in the years to come.

Another burning issue in the health sector is that in spite of a reasonably good funding base, stock-outs of drugs and medical supplies at health facilities are a regular occurrence at an unacceptably high level. UNICEF tasked by interested SWAp partners, organized an emergency supply of lacking basic medicines to be delivered early 2008 as an immediate
measure. Also, under WHO’s guidance the DPs and the NDoH are working out options for a restructuring of the medical supply branch of the department to separate procurement from the regulatory authority as a means to strengthen management and reduce susceptibility to corrupt practices.

The UNCT is also pleased to report that the Education sector is moving towards a SWAp, which is expected to be fully operational by 2009. All the development partners assisting education in PNG have been part of the process and UNICEF, representing the UN, has been an active player, sharing experiences and lessons learnt from other countries. Priorities for 2008 have been collectively developed and agreed upon by participating stakeholders.

Under the Chairmanship of the UNFPA Representative and with Secretariat provided by UNAIDS, the UN coordinated a Donor Partners Committee on HIV and AIDS. This committee met monthly and helped to achieve greater coherence among all Donor Partners interventions on HIV and AIDS programming. In particular the Donors jointly agreed to coordinate $42 Million USD in budgetary allocations towards the 2008 National Strategic Plan for HIV and AIDS Implementation Plan. The committee also facilitated the important constitution of the Independent Review Group for the National Strategic Plan which is supported by four Donors. iv) Experiences with Joint programmes and HACT, as well as other highlights in coordination, HACT - joint operations work Despite delays to our HACT workplan, which led to our official request for the delayed full implementation until 1 Jan 2009 from the Regional Directors Team, we are pleased to report that our on-going relationship and partnership with our principle Government Department, the Department of National Planning and Rural Development, continues to strengthen and we have forged an equally strong partnership with our government-nominated focal point in the Department of Treasury for the roll-out of HACT. It is because of this partnership and the national ownership that has resulted, that we have made some significant achievements in our HACT implementation. For example, our team ensured our Government counterparts have a strong understanding of HACT and the associated assessment processes, and therefore what many may have perceived to be a negative Macro-Assessment was endorsed by the Government without change. All Government and NGO partners have now been oriented on HACT and have agreed to participate in the micro-assessment exercise which will start the first quarter of 2008.

It should be noted that under the UNCP Action Plan (Common Country Action Plan) each of the 17 thematic areas captured in the United Nations Country Programme will be rolled out as Joint Programmes with one annual work plan per area from 2008 onwards. However, in 2007, the UN proceeded to continue to successfully roll out it two existing Joint Programmes pertaining to UN support to MDGs and UN support to the establishment of a strong monitoring and evaluation system for the National AIDS Council. Both Joint Programmes continue this year and feature within the associated Annual Work Plans under our new Country Programme.

Also initiated in 2007, the Government of Japan and the United Nations have provided a two year funding amounting to US$2,651,828 through the United Nations Trust Fund for Human Security (UNHTFS) project entitled “Strengthening Human Security for Women in Mobile Populations through Health Education and HIV/AIDS Care in PNG”. The project, is implemented by PNG’s National Department of Health and coordinated jointly by WHO and UNICEF, aims to build the capacity of local health systems, provide quality health care for mobile populations and community-based health education designed for women in settlements. It also encourages women to access health information and health services.

**Key aspects of the proposed 2008 workplan**

Key aspects of the proposed 2008 work plan The 2008 workplan focuses on enhancing our UN coherence across not only the ExCom agencies, but non-ExCom agencies both on and off shore as well. It will be a year where we are able to test our new integrated way of delivering programmes under a matrix management structure. We envision the need for staff retreats, both programme and operations or both, to allow staff to jointly work through bottlenecks that will undoubtedly arise. In 2008, flexibility and innovation will be paramount to the success of our vision, trial and error must be expected and best practices harvested and duplicated. As we did in 2007, we will also organise another UNCT retreat (including reps from on and off shore agencies) to discuss progress made and explore new ways to better streamline and coordinate our programming initiatives with the Government.

The United Nations Coordination Office will continue to drive our coherence efforts with the assistance of the incoming Chief of UN Coordination (to replace the UN Coordination Specialist), UN M & E Specialist and UN Communications Analyst, and the current UN Coordination Assistant. The UNCT vision will be implemented through this office and via the Programme Coordination Committee and the United Nations Operations Committees.

The UNCT also anticipates benefiting from the expertise of the incoming OHCHR Human Rights Advisor who will be assigned to support our team for a 12 month period, as well as the newly appointed UNFEM National Programme Officer representing the agency in-country. The UNCT and its Disaster Management Team appreciates the on-going support provided by an OCHA Humanitarian Affairs Officer and we envision this support will be required for the foreseeable future.

The Common Country Programme Action Plan is designed to capture UN Activities under 17 Annual Work Plans or 17 Joint Programmes. The possibility of pooled funding under the Annual Work Plans is constrained due to the agency cost-sharing charges of 7% and the burden of cost that this would incur on the original cost sharing from a Donor partner. To further the spirit of "Delivering as One" and ensure a more comprehensive implementation of HACT that truly cuts down on transaction costs by the Government, the UNCT aim to pool funding as much as possible over the new programming cycle. The establishment of a One UN Fund to stimulate resource mobilisation for unfunded areas of the country programme has been identified as a logical next step. To explore options, communication with relevant colleagues from HQs, UNGD and the 'One UN' pilot countries are ongoing.

To deliver the outputs defined in the UNCP Action Plan, the operational services within the UN are crucial, especially when
bearing in mind that the Harmonized Approach to Cash Transfers (HACT) is scheduled to initiate on the 1st January 2008. All ExCom Agencies are expected to abandon the systems of checks and controls and replace these with an approach of risk mitigation. There is a need to gradually develop the capacities of the operations team and therefore strategies are being developed to have one Operations Team – perhaps headed by an UN Operations Advisor. At the same time a need has been identified that some of the services provided by the operations teams, need to be professionalized. The UNCT are exploring a range of fund raising possibilities to enhance our operations teams and would appreciate any assistance or advise in this regard that DGO may provide.

The adoption of the PNG national statement on aid effectiveness (name to be defined), in Kavieng, by mid-February 2008, will set a comprehensive set of commitments binding both development partners and the GoPNG, each preceded by targets and indicators of achievement. These cover all the important dimensions laid out in the Paris Declaration on Aid Effectiveness. The UN System indicated very early its full acceptance and commitment to the content of the national statement, and will remain at the forefront of the implementation process. The Delivering As One initiatives adopted by the UN System within PNG also represent a meaningful contribution to advance the aid effectiveness agenda at the country level. The continuation of the UNDP’s Strengthening Aid Coordination and Management Capacities Programme will further contribute to place the GoPNG in the driver’s seat to provide strategic management and leadership to the aid effectiveness agenda. Massive training efforts and the implementation of information management systems will be key outputs of the Project during 2008.

Recommendations

Recommendations The UNCT would like to recommend that access to the ‘8 for 1 network’ should be granted to colleagues outside pilot ‘One UN’ offices. UN Reform work can be slow, and at times frustrating, and having a support network of peers undergoing similar experiences is extremely important, not to mention the lessons learned and best practices that can be shared.

The UNCT understand that a funding mechanism for programme coherence in countries outside of the ‘One UN Pilots’ may become available from DGO in 2008. We would be very much interested in hearing how to apply to this fund, should it become available so that we can fast track some coherence activities that have stalled due to funding constraints.

The UNCT will remain very interested in the HQ initiated reform activities which we are certain will remove many of the bottlenecks we currently are experiencing, including, common contracting, a common ERP, and common IT platforms across the ExCom agencies.

I hope you will agree that 2007 was a dynamic and busy year for the UN in PNG and that the summary provided provides a useful overview. The UNCT would appreciate any comments you have.

Yours Sincerely,

Dr. Jacqui Badcock UN Resident Coordinator Port Moresby, Papua New Guinea