

COUNTRY PARTNERSHIP STRATEGY FORMULATION
(Country Partnership Strategy: PNG, 2011–2015)

CPS Preparation. An initiating meeting on the zero draft CPS paper was held on the 30 March 2010. A Country Consultation Mission was undertaken during 3-7 May 2010. The mission consulted with the Government of PNG, other development partners and civil society on the strategic thrust of the CPS and the contents of the COBP. The CPS was presented at an informal board meeting on 31 May 2010. Management approval of the CPS paper for circulation to the Board was provided at the Management Committee Meeting on the 2 June 2010. The Authorities endorsed and cleared the CPS and COBP in an official letter dated 7 July 2010.

Country Strategy and Program Review: Recommendations and Responses

Country Strategy and Program Review Recommendation	Country Partnership Strategy Approach
Lifting the standard of governance, particularly with regard to the management of revenue from petroleum and mining projects, essential to ensuring that the Government can convert financial wealth into broad-based delivery of basic services.	ADB will continue to support the Government in the area of public financial management. ADB is ready to support the Government in its efforts to implement the Extractive Industries Transparency Initiative, and to operationalize the proposed sovereign trust funds. ADB will also continue to support the government-wide Framework for Enhancing Fiscal Management led by the departments of finance and treasury, and efforts to raise governance standards for infrastructure projects, statutory authorities, state-owned enterprises, and executing agencies.
Capacity constraints in government systems mean that ADB should further explore the efficacy of service delivery models that draw on private sector strengths	ADB has intensified support for government initiatives to increase the development role of the private sector by improving the investment climate for the private sector, facilitating access to finance (especially microfinance and small-medium enterprises), facilitating private–public partnerships in infrastructure, and bringing alternative service providers into the delivery of rural health services. ADB will explore opportunities for its private sector operations in PNG focusing on infrastructure and the energy sector.
Within the infrastructure sector, strategies and contract packaging should be designed to attract large and competent international contractors to the PNG market.	These lessons influenced the design of the ADB-supported Highlands Region Road Improvement Investment Program and the Civil Aviation Development Investment Program, both multi-tranche finance facilities. Larger packages of works will help attract the international contractors that have been reluctant to work in the region (who will in turn provide more work for national firms through subcontracting).
Longer development partnerships and more realistic project implementation schedules are needed, and the design phase of projects should allow for comprehensive consultation of all relevant stakeholders, especially in the Highlands region where local community structures are often complex	More efficient and participatory processes for acquiring rights-of-way, and efforts to help the National Roads Authority establish its capacity and issue long-term maintenance contracts, are expected to hasten roadworks in the Highlands.

PNG: Papua New Guinea, CPS: Country Partnership Strategy