

MANAGEMENT RESPONSE TO THE PROJECT PERFORMANCE EVALUATION REPORT FOR THE HIGHER EDUCATION PROJECT IN PAPUA NEW GUINEA (Loan 1224-PNG[SF])

On 27 July 2006, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

1. Management concurs with the findings and recommendations in OED's Project Performance Evaluation Report (PPER). We understand that OED has also conveyed the recommendations for follow-up action to the executing agency (EA), and that the Office of Higher Education (OHE) has agreed to carry out the recommended actions by end-2006. Because ADB is no longer active in the education sector in Papua New Guinea (PNG), we will share the report with development partners that are currently involved in the sector (Australia, Japan, New Zealand, European Union and the People's Republic of China) in PNG. Nonetheless, we consider that the lessons learned are relevant for our work in other developing member countries.

2. **Overall Assessment.** We agree with the overall project rating as partly successful and accept that project outputs were generally below appraisal targets. The OED report noted that there was only a slight increase in the average graduation rate of project universities, while the unit cost per student in public universities remained high, relative to other developing countries. Moreover, student quality did not improve much over the period. Although there were improvements in terms of cost recovery, the dependence on government financing for higher education remained high.

3. **Lessons Learned.** Management agrees with the lessons learned and will seek to share these with PNG Government counterparts and donor partners that are active in the education sector. We would like to underscore the importance of two lessons. First, the need for strong coordination with development partners, if possible, as early as the country programming stage, in order to ensure consistent approaches. Second, country ownership is indispensable, and can only be ensured by having the EA and major stakeholders as active participants in project design from the earliest stage.

4. **Follow-Up Actions.** Management agrees with the follow-up actions proposed in the report: (i) that OHE and other concerned agencies develop a framework to rationalize the entire education system; (ii) that a review be undertaken of the strengths and weaknesses of the scholarship scheme and suggestions made to make the selection criteria more pro-poor;

and (iii) that all universities be requested to provide information on their current and planned use of expatriate lecturers, and that a strategy be prepared to ensure optimal use of expatriates (including skills transfer). We have asked ADB Resident Mission (PNRM) staff to ensure that key officials of agencies involved in education, public finance, and national development planning are aware of these recommendations.