



Report and Recommendation of the President to the Board of Directors

Project Number: 51035-005
November 2020

Proposed Policy-Based Loans for Subprogram 3 Papua New Guinea: Health Services Sector Development Program

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 26 October 2020)

Currency unit	–	kina (K)
K1.00	=	\$0.286
\$1.00	=	K3.496

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DOF	–	Department of Finance
DOH	–	Department of Health
DOT	–	Department of Treasury
eNHIS	–	electronic National Health Information System
GDP	–	gross domestic product
GRB	–	gender-responsive budgeting
IFMS	–	integrated financial management system
IMF	–	International Monetary Fund
MTFS	–	medium-term fiscal strategy
P3F	–	post-program partnership framework
PEFA	–	public expenditure and financial accountability
PFM	–	public financial management
PHA	–	provincial health authority
PNG	–	Papua New Guinea
TA	–	technical assistance
WHO	–	World Health Organization

NOTE

In this report, “\$” refers to United States dollars.

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PROGRAM AT A GLANCE

1. Basic Data		Project Number: 51035-005	
Project Name	Health Services Sector Development Program (Subprogram 3)	Department/Division	PARD/PASP
Country	Papua New Guinea	Executing Agency	Department of Treasury
Borrower	Papua New Guinea		
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=51035-005-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=51035-005-PortAtaGlance		
2. Sector		Subsector(s)	
✓ Health	Health sector development and reform	ADB Financing (\$ million)	
Public sector management	Public expenditure and fiscal management		75.00
			75.00
		Total	150.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	0
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ Strengthening governance and institutional capacity			
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 3.2, 3.7		Effective gender mainstreaming (EGM)	✓
SDG 5.1, 5.4, 5.6			
SDG 10.4		Poverty Targeting	
SDG 16.6		General Intervention on Poverty	✓
4. Risk Categorization:	Complex		
5. Safeguard Categorization	Environment: C	Involuntary Resettlement: C	Indigenous Peoples: C
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		150.00	
Sovereign Programmatic Approach Policy-Based Lending (Concessional Loan): Ordinary capital resources		50.00	
Sovereign Programmatic Approach Policy-Based Lending (Regular Loan): Ordinary capital resources		100.00	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		150.00	
Currency of ADB Financing: US Dollar			

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on proposed policy-based loans to Papua New Guinea (PNG) for subprogram 3 of the Health Services Sector Development Program.¹

2. Subprogram 3 supports enhanced national frameworks and public financial management (PFM), improved subnational health system management, and strengthened health service delivery components. It will enable the Government of PNG to protect core funding for essential health and other basic services, and adequately resource the government's immediate coronavirus disease (COVID-19) response during a period of sharp fiscal tightening. Policy reforms will improve the effective and efficient use of available public resources in the health sector and beyond. The program supports the Asian Development Bank (ADB) Strategy 2030 operational priorities of (i) addressing remaining poverty and reducing inequalities through support to universal health coverage; (ii) accelerating progress in gender equality through gender mainstreaming; and (iii) strengthening governance and institutional capacity through PFM, expenditure and fiscal policies, and adequate fiscal space for service delivery.²

II. PROGRAM AND RATIONALE

A. Background and Development Constraints

3. **Programmatic approach.** The program comprises investment and policy-based lending components, using a programmatic approach with three subprograms, which aligns ADB's support with the government's reform program over the medium term.³ The program components reinforce each other: policy actions support an improved operational context to increase the benefits from health sector investments, while the health sector investments support the implementation of priority policies. The program supports reforms to improve (i) whole-of-government fiscal management and national PFM; (ii) institutional arrangements, regulatory frameworks, and PFM performance for subnational health service delivery; and (iii) critical nationwide health service delivery components. Subprogram 1, comprising a \$95 million project investment and a \$100 million policy-based loan, was approved in May 2018; and additional project grant financing of \$38 million from the Government of Australia was approved in June 2018.⁴ Subprogram 2, with a \$100 million policy-based loan, was approved in November 2019.⁵ When the programmatic approach was approved in 2018, the loan amount for subprogram 3 was planned to be \$100 million. However, in light of the economic and fiscal impacts of COVID-19 and the resulting expenditure pressures, the proposed loan amount for subprogram 3 is to be increased by \$50 million (from \$100 million to \$150 million) to support the

¹ The design and monitoring framework is in Appendix 1. The program is in Asian Development Bank (ADB). 2019. [Country Operations Business Plan: Papua New Guinea, 2020–2022](#). Manila. It aligns with ADB. 2015. [Country Partnership Strategy: Papua New Guinea, 2016–2020](#). Manila; and ADB. 2017. [Pacific Approach, 2016–2020](#). Manila. The concept paper for the program was circulated to the ADB Board of Directors on 5 June 2017.

² ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

³ ADB. 2018. [Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach, Policy-Based Loan for Subprogram 1, and Project Loans to Papua New Guinea for the Health Services Sector Development Program](#). Manila.

⁴ Footnote 3 and ADB. 2019. [Additional Financing: Health Services Sector Development Program in Papua New Guinea](#). Manila.

⁵ ADB. 2019. [Report and Recommendation of the President to the Board of Directors: Proposed Policy-Based Loan for Subprogram 2 to Papua New Guinea for the Health Services Sector Development Program](#). Manila.

government's health sector response to COVID-19 in 2020. This raises the program's total policy-based financing from \$300 million to \$350 million across the three subprograms.

4. Subprogram 1 laid strong foundations, including a medium-term fiscal strategy (MTFS); PFM legislative reform; a procurement policy; the rollout of an integrated financial management system (IFMS); the setting up of a provincial health authority (PHA);⁶ direct funding of PHAs; and addressing urgent issues in medical supplies procurement, enabling comprehensive reform dialogue and decision-making under subsequent subprograms. Subprogram 2 continued with national budget, PFM, and public procurement reforms; pharmaceutical procurement reform; establishment and strengthening of PHAs; and health partnership management and monitoring. All actions achieved during subprograms 1 and 2 continue to be complied with. Subprogram 3 completes reforms initiated under subprograms 1 and 2, and lays the foundation for future reforms, including continued PFM reforms and public salary management.⁷ The inclusion of a post-program partnership framework (P3F), supported by the program's project component and ongoing technical assistance (TA) activities, will enable ADB to continue supporting reforms. The investment component will upgrade 17 health facilities (including medical equipment), with a focus on gender-responsive essential health service provision in underserved rural areas; systematically developing PHA human resources capacity; and revamping medical supplies procurement and distribution.

5. **Development context.** PNG is a lower middle-income country, with gross national income per capita of \$2,685 in 2019.⁸ An extensive subsistence economy and subdued private sector activity have created a narrow economic base that is highly reliant on global commodity prices for the country's natural resources exports. Frequent external shocks—including the sharp downturn in global commodity prices in 2015–2016, a large earthquake in 2018, the impacts of COVID-19, and the fall in oil and gas prices in the first quarter of 2020—have undermined the country's human development and economic performance. PNG has the lowest life expectancy in the Pacific region, and infant and maternal mortality rates are higher than in countries with similar income levels. Chronic diseases, including stroke and heart disease, dominate the burden of disease, which also includes poverty-related illnesses such as pneumonia and neonatal conditions.⁹ PNG had reported 602 confirmed cases of COVID-19 and seven deaths as of 16 November 2020.¹⁰ While the direct health impacts of COVID-19 have been low, they are expected to rise given the increase in cases since July 2020. Indirect health impacts, as well as the economic and fiscal impacts of the COVID-19 pandemic, are estimated to be severe, undermining an already fragile economy.

6. **Recent economic performance and shock.** The sharp downturn in global commodity prices in 2015 and 2016, coinciding with a severe drought that affected mining and agriculture, led to a rapidly worsening macroeconomic situation in PNG. The implementation of the required sharp fiscal consolidation reduced aggregate demand, leading to a severe economic crisis that was aggravated by an earthquake in early 2018. Together, this pushed down growth to –0.8% of gross domestic product (GDP) in 2018 (Table 1). With the restoration of gas, oil, and mining production, combined with an uptake in business activity, growth rebounded to an estimated 5.0% of GDP in 2019. Before the COVID-19 shock, growth was expected to stabilize at 2%–3% of GDP

⁶ PHAs bring together hospital and primary health service delivery under one authority, which facilitates less fragmented planning, funding, and delivery of provincial health services. PHAs have financial autonomy from provincial governments and are guided by the PHA board, which includes community and women's representatives.

⁷ The Program Policy Matrix (accessible from the list of linked documents in Appendix 2) shows all the policy actions across the three subprograms.

⁸ ADB. 2020. *Key Indicators for Asia and the Pacific 2020*. Manila.

⁹ Institute of Health Metrics and Evaluation. 2016. *Global Burden of Disease Profile: Papua New Guinea*. Seattle.

¹⁰ World Health Organization (WHO). [WHO Coronavirus Disease Dashboard](#) (accessed on 17 November 2020).

over the medium term, which would have provided a solid basis for ongoing gradual fiscal consolidation while allowing for safeguarding of funding for essential health services, as supported by the program.¹¹ Current estimates suggest a steep fall in real growth of 5.0 percentage points from pre-COVID-19 forecasts, resulting in a contraction of 2.9% of GDP in 2020. The economy is projected to recover from 2021 onward, but impacts could be more severe depending on the duration of the pandemic and further infection waves, which would directly affect PNG as well as lead to a prolonged global economic downturn.

Table 1: Selected Economic and Fiscal Indicators
(% of GDP, unless otherwise indicated)

Item	2018	2019	2020	2020	2021	2022	2023	2024
			Pre- COVID-19	With COVID-19				
					Projection			
Real GDP growth (% change)	(0.8)	5.0	2.1	(2.9)	2.5	2.6	3.2	3.3
Change in CPI (% annual average)	4.7	3.6	3.8	3.3	3.8	4.0	4.0	4.0
Central government budget								
Total revenue	17.8	16.2	15.3	14.0	15.1	15.6	16.2	16.4
<i>of which: tax and nontax revenue</i>	15.5	14.1	14.3	12.8	14.0	14.5	15.1	15.3
Total expenditure	20.4	21.1	20.3	22.2	20.4	20.1	19.8	19.6
<i>Recurrent</i>	14.5	13.9	13.5	14.3	13.8	12.8	12.3	11.7
<i>of which: wages and salaries</i>	6.6	6.4	5.9	7.1	6.6	5.7	5.5	5.4
<i>Capital</i>	5.9	7.2	6.8	7.9	6.6	7.3	7.5	7.9
Fiscal balance	(2.6)	(4.9)	(5.0)	(8.2)	(5.3)	(4.5)	(3.7)	(3.2)
Public debt	38.3	39.8	40.3	49.8	51.0	52.5	52.6	51.7
<i>of which: external debt</i>	15.2	17.0	18.5	23.6	26.2	27.0	28.0	28.4
Nominal GDP (\$ billion)	24.0	25.0	26.9	23.3	24.7	25.9	27.2	29.2

() = negative, COVID-19 = coronavirus disease, CPI = consumer price index, GDP = gross domestic product.

Sources: Asian Development Bank estimates, Government of Papua New Guinea, and International Monetary Fund.

7. **Fiscal situation and shock.** The pandemic hit PNG during a period of high fiscal consolidation pressures, in which the government aimed to achieve a primary surplus in the medium term to reduce public debt to below 40% of GDP. The COVID-19 shock will particularly affect domestic resource mobilization, with total revenue as a share of GDP in 2020 expected to be 1.3 percentage points lower than pre-COVID-19 estimates (Table 1). Coupled with the need for direct expenditure measures of about \$200 million to support the preparedness for and response to COVID-19 as well as to provide economic stimulus to support hard-hit small private sector businesses, this is expected to increase the fiscal deficit from 5.0% to 8.2% of GDP in 2020.¹² While the fiscal deficit is projected to decline to 3.2% of GDP by 2023, this is substantially above the pre-COVID-19 target of 1.9% of GDP. The debt–GDP ratio is affected through both the increase in financing needs and the fall in GDP; and is expected to increase to 49.8% of GDP in 2020, up from 39.8% of GDP in 2019. Over the medium term, rebounding growth as well as revenue and expenditure reforms are expected to stabilize debt levels at 52.6% of GDP in 2023, before leading to a gradual reduction toward 40.0% of GDP in the long term (in line with the Fiscal Responsibility Act, as amended in 2019).¹³ Despite the increase in debt levels in the context of

¹¹ International Monetary Fund (IMF). 2020. [Papua New Guinea: 2019 Article IV Consultation and Request for Staff Monitored Program—Press Release; Staff Report; and Statement by the Executive Director for Papua New Guinea](#). Washington, DC.

¹² The government's economic stimulus package includes loan repayment and tax holidays, in addition to direct expenditures for health, security, and other areas.

¹³ The IMF and World Bank provide support to revenue reforms, including through budget support. World Bank. 2018. [First Economic and Fiscal Resilience Development Policy Operation Project](#). Washington, DC.

COVID-19, which led to the International Monetary Fund (IMF) raising the risk of debt distress from moderate to high, public debt is expected to remain manageable, supported by sound macroeconomic policies and renewed fiscal consolidation.¹⁴ Concessional financing and reform support from the international community—including ADB, Australia, Japan, and the World Bank, as well as the IMF through a Staff-Monitored Program and its Rapid Credit Facility—play an instrumental role in supporting the government.

8. **Public financial management issues.** Ongoing lack of fiscal space and cash flow shortages, resulting from the macroeconomic and fiscal crises of past years and aggravated by the impacts of the COVID-19 pandemic, continue to threaten the funding of essential services. Ensuring the delivery of essential services requires continued political commitment to prioritize limited resources; improved expenditure control and effectiveness, particularly in the areas of procurement, payroll, and subnational PFM systems; and increased performance of the public service. Development constraints in the areas of fiscal policy and national PFM systems that are addressed through the program are (i) an unsustainable fiscal position that risks leaving basic service delivery unfunded, (ii) PFM legislation gaps, (iii) weak national budget documentation that hinders transparent resourcing of policy priorities and legislative and public scrutiny, (iv) weak national procurement systems, and (v) loose personal emoluments spending.

9. **Health sector constraints.** Despite health being a priority, and the government spending substantial resources in the sector, improvements in the access to and quality of health services and health outcomes have been slower than in comparator countries. Medical supplies are often not available, the health workforce is insufficient and underperforming, and most health facilities are poorly maintained. Indirect health impacts from the COVID-19 emergency, including through redirected resources and deferred preventive and curative health services for other diseases, aggravate these constraints and their impacts on health outcomes. Development constraints in PNG's health sector specifically addressed under this program are (i) the prioritization of scarce fiscal resources for essential health services; (ii) complex and inconsistent subnational health system architecture; (iii) fragmented fund flows; (iv) weak PFM of PHAs; (v) weak pharmaceutical procurement, distribution, and stock management systems; (vi) incomplete and outdated health data and limited analysis undermining evidence-based decision-making; and (vii) incomplete emergency response frameworks and organizational arrangements.¹⁵

B. Policy Reform and ADB's Value Addition

10. **Government strategy.** The country's cascading strategic planning framework—incorporating the PNG Vision 2050; the Development Strategic Plan, 2010–2030; and the Medium Term Development Plan III, 2018–2022—outlines PNG's strong commitment to effective leadership, good governance, performance management, and accountability, aiming to provide service delivery and, ultimately, improved quality of life.¹⁶ These high-level plans are implemented through strategies and reform plans, including (i) the National Health Plan, 2011–2020 (with a new plan for 2021–2030 under development); (ii) an MTFs that provides the framework for the annual budget; (iii) the Public Expenditure and Financial Accountability (PEFA) Road Map, 2015–2018 (a new road map will be developed based on the new PEFA assessment); and (iv) a PFM

¹⁴ IMF. 2020. [Request for Disbursement Under the Rapid Credit Facility—Press Release; Staff Report; and Statement by the Executive Director for Papua New Guinea](#). *IMF Country Report*. No. 20/211. Washington, DC.

¹⁵ ADB. 2019. [Line of Sight: How Improved Information, Transparency, and Accountability Would Promote the Adequate Resourcing of Health Facilities Across Papua New Guinea](#). Manila.

¹⁶ Government of PNG. 2009. [Papua New Guinea Vision 2050](#). Port Moresby; Government of PNG. 2010. [Papua New Guinea Development Strategic Plan, 2010–2030](#). Port Moresby; and Government of PNG. 2018. [Papua New Guinea Medium Term Development Plan III, 2018–2022](#). Port Moresby.

strategy for the subnational level, which aims to strengthen PFM and enhance service delivery in provinces and districts.¹⁷ Since the start of the program's policy dialogue in early 2017, the government has shown a commitment to safeguarding funding for essential health services and other social expenditure. Health spending has benefited from expenditure prioritization, increasing from 5.9% of total government spending in 2015 to 10.1% in 2019, and it is expected to remain above 10% in 2020 (budget of 10.4%).¹⁸

11. **Government COVID-19 response.** Following PNG's first confirmed COVID-19 case on 20 March 2020, the government declared a state of emergency and enforced several key measures, including grounding all international and domestic flights and suspending public transport and the movement of people between provinces. Schools were suspended, nonessential employees asked to remain at home and maintain social distancing, and mass gatherings prohibited. The Department of Health (DOH) led the preparation of a 2-year Emergency Preparedness and Response Plan for COVID-19, which complements the National Health Plan in many areas, such as training and human resources management, extending community outreach and surveillance programs, and scaling up laboratories to test for tuberculosis and severe acute respiratory illnesses (including COVID-19). The plan requires \$270 million direct health sector expenditure to prepare for, respond to, contain, and mitigate COVID-19 outbreaks.¹⁹ Priority areas include clinical management services, surveillance and rapid response teams, infection prevention, point-of-entry preparedness, laboratory capacity, logistics, non-pharmaceutical interventions, and community risk communications.

12. **Implementation constraints.** Shortcomings in policy and institutional performance risk undermining the implementation of reforms. The record of progress against these issues has been mixed, with reform implementation risks stemming from the complex political economy and limited internal capacities. The COVID-19 pandemic is further undermining the ability of the public administration to deliver on planned reforms. This emphasizes the need for strategic, highly prioritized, and sequenced reform plans; and strengthening of governance arrangements and downstream reform implementation capacities. Given these factors, the program supports reform prioritization, sequencing, and implementation; the alignment of development partner assistance; and incentivized reform implementation (in addition to addressing the financing needs of basic services). Some policy actions are administrative, which is critical in light of implementation constraints to ensure that regulatory frameworks are translated into changes in practices and ultimately lead to improved performance and outcomes.²⁰

13. **ADB engagement.** Subprogram 3 is aligned with ADB's country partnership strategy for PNG, 2016–2020, supporting its priority areas of improving public financial management for service delivery, and increasing the quantity, quality and inclusivity of essential services, including health.²¹ It continues to support the implementation of PNG's strategic planning framework and sector reform plans (para. 10). The targeted effect of the reforms is a more sustainable and efficient health care system. Subprogram 3 implements critical national and subnational reforms, building on reform progress made under the first two subprograms.

¹⁷ Government of PNG. 2010. *National Health Plan, 2011–2020*. Port Moresby; Government of PNG. 2015. [Public Expenditure and Financial Accountability Road Map, 2015–2018 and Assessment](#). Port Moresby; and Government of PNG, Department of Finance. 2017. *Public Financial Management Sub-National Strategy*. Port Moresby.

¹⁸ Government of PNG. 2019. [Final Budget Outcome 2018](#). Port Moresby; and Sector Assessment (Summary): Public Sector Management (accessible from the list of linked documents in Appendix 2).

¹⁹ Government of Papua New Guinea, National Department of Health. 2020. [COVID-19 Emergency Preparedness and Response Plan: Coronavirus disease 2019 \(COVID-19\)](#). Port Moresby. Details are in Summary of Papua New Guinea's COVID-19 Emergency Response Plan (accessible from the list of linked documents in Appendix 2).

²⁰ Under subprogram 3, such actions include 1.2.1, 2.1.4, 2.2.2, 2.3.1, 2.4.2, and 2.5.1 (Appendix 4).

²¹ ADB. 2015. [Country Partnership Strategy: Papua New Guinea, 2016–2020](#). Manila.

14. **Policy actions.** The program team developed policy actions and a P3F in close consultation with the government (Appendix 4). ADB and development partner TA has facilitated the government's most critical reform endeavors.²² In developing subprogram 3 indicative actions into final policy actions, attention was given to increasing the strength and specificity of each action; adding actions to support the government's COVID-19 response (para. 24); and reflecting strong momentum on gender mainstreaming through gender-responsive budgeting (GRB) training and data collection and the electronic national health information system (eNHIS) rollout. The implementation of four of the 16 indicative actions was partially affected by COVID-19-related restrictions, preventing travel and stakeholder consultations in recent months, and resulted in lesser milestones being met. The PEFA assessment process saw minor delays, as the PEFA Secretariat endorsed the national PEFA report and it is pending publication; the PHA annual report template was only completed in June 2020 for use in the 2020 annual reports; a gender analysis could not be completed, as consultant recruitment was affected; and the PHA audit reports will be published in late 2020 after tabling in Parliament. All changes are elaborated in the Summary of Changes from Indicative Actions.²³ Increased specificity of indicative actions, additional actions on GRB training and pharmaceutical procurement planning, two additional actions on the eNHIS, and six additional actions supporting the government's response to COVID-19 have ensured that the overall strength of reforms has been increased. All 26 of the final reform actions in subprogram 3 have been completed.

15. **Increased subprogram 3 loan amount.** The programmatic approach provides flexibility to respond to emerging opportunities and constraints. In subprogram 3, this includes supporting the government's rapid response to the impacts of COVID-19, as outlined in the COVID-19 preparedness and response plan, for which the government has requested an increase in the ADB loan amount for subprogram 3 from \$100 million to \$150 million. As elaborated below, the government has achieved additional policy actions to support effective emergency preparedness for and response to COVID-19, as well as future pandemics and other health emergencies, with support from ADB and other development partners. Together with additional new policy actions supporting gender mainstreaming and the health information system, these actions have led to an improvement in the overall accomplishments of subprogram 3.²⁴

16. **Reform area 1: National frameworks and public financial management enhanced.** Actions completed under subprogram 3 sought to build a stronger financial management foundation to support improved health services delivery, and more broadly, the delivery of all government services. With the negative economic impacts of COVID-19, a strengthened framework has proved valuable to ensure accurate and efficient distribution of limited resources.

17. The government aligned the 2020 budget with the prudential fiscal targets set out in the MTFs, initially developed under subprogram 1.²⁵ The targets included the continued safeguarding

²² ADB. 2011. [Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Grant and Loan to Papua New Guinea for the Rural Primary Health Services Delivery Project](#). Manila; ADB. 2016. [Technical Assistance to Papua New Guinea for Supporting Public Financial Management \(Phase 3\)](#). Manila; ADB. 2012. [Technical Assistance to Papua New Guinea for Supporting Public Financial Management \(Phase 2\)](#). Manila; and ADB. 2015. [Health in Asia and the Pacific: A Focused Approach to Address the Health Needs of ADB Developing Member Countries—Operational Plan for Health, 2015–2020](#). Manila.

²³ Summary of Changes from Indicative Actions (accessible from the list of linked documents in Appendix 2).

²⁴ A proposed COVID-19 Pandemic Response Option for 2020 will target the economic support and stimulus package, while the program focuses on the health sector response.

²⁵ The MTFs was updated based on a due diligence exercise carried out by the Department of Treasury (DOT) in August–September 2019 that informed revisions to the Fiscal Responsibility Act, 2006. The updates (i) revised debt stock valuation (previously excluded), (ii) included contingent liabilities, (iii) took stock of payment arrears (under

of expenditures on key enablers,²⁶ including essential health services that improve women’s access to reproductive health services and high-quality maternal and child health facilities and services.²⁷ Following a recalibration exercise in 2019, including a revaluation of the debt stock that brought substantial state-owned enterprise liabilities into official debt figures, public debt at the end of 2019 was estimated to be 39.8% of GDP and—before the COVID-19 shock—expected to peak at 42.4% in 2021 before gradually decreasing to below 40.0%.²⁸ With the COVID-19 impacts still unfolding, ADB TA supported the government in developing (i) a supplementary budget for 2020 that provides, in a prudent manner, adequate funding for health emergency response and essential services as well as the economic recovery from the impacts of the COVID-19 pandemic; and (ii) an updated MTFs that reflects COVID-19 impacts and provides a path toward fiscal sustainability in the medium to long term.²⁹

18. The Department of Treasury (DOT) has continued to improve its budget processes and formats. The *Government Finance Statistics Manual 2014*—aligned budget book format in 2019 was enhanced through the reorganization of budget agencies into government sectors, and the removal of economic classification tables at the activity level to streamline information and shift the strategic focus to the program level.³⁰ A strategic sector budget summary for health was trialed in 2020 and will be included in the 2021 budget. This will support budget transparency and accountability to Parliament and the public. The P3F supports gradual gender mainstreaming of PNG’s national budget, including gender analysis of the 2021 budget and an improved participatory budgeting process for 2021. The Department of Finance (DOF) updated the government financial management manual to incorporate recent legislative changes supported under subprograms 1 and 2, and the financial instructions for the district and provincial service improvement program grants. The Public Finances (Management) (Amendment) Act, 2018 was published with other financial instructions on the DOF website.³¹ To improve PFM performance, the DOF, with support from partners including ADB, has completed (i) a national PEFA assessment that the PEFA Secretariat has approved (through a “PEFA Check”), and (ii) drafts of two subnational PEFA assessments. Subprogram 3 has also continued reforms to improve the transparency and efficiency of national procurement systems, including the operationalization of the new National Procurement Commission Board and the Authority to Pre-Commit Committee; the approval of foundational procurement frameworks, training, controls, and guides; and the in-principle approval of an e-procurement system for implementation. Under the P3F, these reforms will be continued through (i) the completion of four subnational PEFA assessments; (ii) the

verification before a phased clearance approach), and (iv) revised GDP numbers based on extensive consultations with the National Statistical Office, the Bank of Papua New Guinea, and the IMF. The debt and revenue targets of the FY2020 budget and its MTFs will not be achievable because of the severe external COVID-19 shock.

²⁶ Key enablers are health, education, law and order, and infrastructure (including reliable, clean, and affordable energy), as well as support to develop the private sector through improved trade and investment, financial inclusion and credit facilitation, and strengthened performance of state-owned enterprises and small and medium-sized enterprises. Government of PNG. 2018. [Papua New Guinea Medium Term Development Plan III, 2018–2022](#). Port Moresby.

²⁷ Government of PNG. 2019. [National Budget 2020](#). Port Moresby.

²⁸ The National Statistical Office revised national accounts data downward by about 10% in 2018, which increased the debt–GDP ratio. State-owned enterprise liabilities included were 1.4% of GDP, with the revaluation to 1.8% of GDP.

²⁹ ADB. 2016. [Technical Assistance to Papua New Guinea for Supporting Public Financial Management \(Phase 3\)](#). Manila. The fourth phase is under preparation as part of ADB. 2019. [Country Operations Business Plan: Papua New Guinea, 2020–2022](#). Manila.

³⁰ The government is transitioning to a budget book that will be fully aligned with IMF. 2014. [Government Finance Statistics Manual 2014](#). Washington, DC. As part of the transition, two budget books are being prepared to allow the public administration, members of Parliament, and the public to compare information and familiarize themselves with the new formats. The government plans to phase out the standard budget book in 2021.

³¹ The Financial Management Manual was published, but is unavailable on the website while new updates are being added. The DOF intends to publish the new version as soon as the updates are complete.

development of new national and subnational PFM road maps based on the PEFA assessment; (iii) the revision of the administrative guidelines for the service improvement program grants to address shortcomings in project selection, design, and quality assurance; (iv) other key reforms identified in the PFM road map; and (v) further national procurement reform plan implementation.

19. Following the addition of a new indicative action to improve public payroll management under subprogram 2, the DOT introduced regular payroll management reports, cash flow forecast reporting, and an improved forecasting process that will provide a three-way reconciliation process for agencies to estimate realistic personnel emolument forecasts. These are initial steps to bring the personnel emolument budget under control, which has seen regular and substantial overspending in the past, and risks crowding out other budget items critical for service delivery. This is particularly relevant in the health sector with its substantial number of staff. Under the P3F, the government will complete an independent audit of public employment and payroll practices, develop a comprehensive and time-bound reform plan, and start to implement key reform plan measures. In response to the COVID-19 emergency, the government allocated K600 million for emergency response, including for the health sector and security. It also issued financial instructions for the prudent and accountable use of these resources, and improved transparency through public disclosure of information on COVID-19-related emergency procurement.³² Parliament passed the National Pandemic Act, 2020, which came into force in June 2020. The Act establishes a comprehensive framework for a more effective national response to future pandemics, pestilences, and other public health emergencies. The P3F supports the appropriation of resources for effective implementation of the emergency response plan, as part of any supplementary budget and the 2021 regular budget, supported by ADB TA.³³ Further, the government has committed to provide a consolidated report on emergency procurement and an independent audit of the emergency response following the end of the state of emergency.

20. **Reform area 2: Subnational health system management strengthened.** Actions completed under subprogram 3 sought to strengthen provincial institutional arrangements and operations (including planning and budgeting) in the health sector, as well as continue to improve the flow of funds to the provincial health sector and the capacity to monitor the use of these funds. The investment component of the program will reinforce these actions by emphasizing building the capacity of the PHA boards and staff to manage the sector.

21. Under subprogram 3, the DOH established the final four PHAs, completing the target for PHAs set out under subprogram 2. With this, all provinces (except for the Autonomous Region of Bougainville) have consistent and strengthened institutional arrangements for subnational health service delivery. To maintain a reliable source of funding for PHAs, the 2020 national budget continues to provide direct transfers, including health function grants as well as provincial and district hospital funding, to PHAs as instituted under subprogram 1. This will be sustained in the 2021 national budget under the P3F. To strengthen the performance and responsiveness of PHAs, the DOH developed additional modules of the PHA manual covering health PFM, including GRB, and carried out GRB training of PHA boards and executives in all provinces.³⁴ The PHA manual also includes a new annual report template for 2020 annual reports, which will take advantage of the accessibility to standard sex-disaggregated data across all PHAs.³⁵ To ensure that relevance and effectiveness of PHA budgets, all PHAs published budgets capturing all resources for health

³² The action to strengthen accountability of emergency procurement is aligned with the prior action of the IMF's Rapid Credit Facility. The same is the case for the procurement report and the independent audit included under the P3F.

³³ ADB. 2016. [Technical Assistance to Papua New Guinea for Supporting Public Financial Management \(Phase 3\)](#).

³⁴ In total, 87 board members and executives were trained, including 23 women.

³⁵ The DOH originally planned to approve this for use by PHAs for their 2019 annual reports, but consultations scheduled for March 2020 had to be postponed because of the COVID-19 mitigation measures.

service delivery, and, to ensure the sustainability of health facilities, allocated resources for the maintenance of hospital and lower level health facilities.³⁶ To track their financial performance, PHAs provided 2019 midyear reports as well as 2018 annual reports (including sex-disaggregated data on health service delivery and outcomes), with midyear budget execution reports informing a health expenditure review and subsequent nonfinancial instructions in the 2020 national budget. Under the P3F, the improvement of practices and capacity will continue with project support under the program through (i) the completion of additional modules of the PHA manual, including asset management, internal audit, and facility supervision; (ii) the finalization of PHA annual reports for 2019; (iii) the rollout of the IFMS to all remaining PHAs; and (iv) the rollout of and training on improved PFM processes and formats based on the PHA manual. To close the accountability loop, the Auditor General's Office audited five PHAs. Audits of remaining PHAs will continue under the P3F and will be tabled in Parliament and published on the Auditor General's Office website.

22. Reform area 3: Health service delivery components strengthened. Subprogram 3 continued to work on improving the efficiency of the procurement and distribution of medical supplies. To identify areas for improved performance and efficiency, the DOH completed an independent assessment of the supply chain network and the logistics management information system through the firm contracted under subprogram 2. The recommendations of the resulting assessment report were endorsed by the technical working group on pharmaceutical supplies (established under subprogram 2) and the Minister of Health. Further, the DOH approved a 2-year procurement plan and budget and a 10-year procurement master plan to provide strategic direction and longer-term certainty for reform implementation. Under the P3F, with the support of the project component of the program, the key recommendations will be implemented, and the first-year activities of the 2-year procurement plan and budget completed.

23. Two new policy actions were added under subprogram 3, focused on the eNHIS. Following an independent review, to enhance the collection and availability of national health-related information, the eNHIS was endorsed as the official, national system for health information collection; and a firm was contracted to implement tablet-based data entry in the remaining 14 provinces and the management of the eNHIS system for 5 years. To improve understanding of the health needs of underrepresented groups, data collection in PHAs was expanded to include age- and sex-disaggregated data, including on interpersonal physical violence.³⁷ Under the P3F, the rollout of the eNHIS will be completed with project support in all provinces, and dashboards and preconfigured reports will be implemented that allow real-time monitoring of health service delivery and outcomes to inform policy and management decision-making.

24. A new set of actions to support the COVID-19 health emergency response was added. The DOH's Emergency Preparedness and Response Plan for COVID-19 was approved to guide national preparedness and response measures, including in relation to incident management and planning, surveillance, risk assessment, and rapid response. The National Interagency Coordination Taskforce was established to oversee the plan's implementation. The Disaster Management Clusters, including the Protection Cluster and the Gender-Based Violence Sub-cluster, were activated; and all 22 provinces activated their Provincial Emergency Operations Centres. Development partners have been mobilized to coordinate and support the COVID-19 response countrywide. To implement the plan's immediate actions, the government disbursed K23.3 million to the health sector support package, including appropriately-sized personal

³⁶ This includes maintenance funding for facilities providing maternal and child health services that are available across all facility levels as per the national health service standards. Government of PNG. 2011. [National Health Service Standards for Papua New Guinea 2011–2020](#). Port Moresby.

³⁷ Data are inputted directly in the eNHIS in eight provinces. In the remaining 14 provinces, data are collected using paper at the point of service and inputted into the eNHIS centrally.

protective equipment for health workers and gender-sensitive COVID-19 communication and community engagement plans. Lastly, the eNHIS and the Go.Data system of the World Health Organization (WHO) were rapidly adapted for better disease surveillance, particularly in high-risk areas.³⁸ Under the P3F, the government committed to progress the implementation of the immediate measures of the plan and to enhance disease surveillance capabilities nationwide.

25. **ADB value addition.** The mutually reinforcing project investment, reform implementation, and financing provided under the program maximize ADB's value addition. The interdepartmental technical working group set up has proven to be a valuable forum for central and line agencies to discuss coordination and prioritization issues beyond the program. ADB's TA continues to provide support on macroeconomic and fiscal policy design, strategy development, budget reform and debt management, and procurement reform (footnote 33). The project leads the health PFM and pharmaceutical procurement reform assistance. ADB prepared a detailed health sector financing analysis as part of ADB's support to fragile and conflict-affected situations, which has informed reform specification and implementation under subprograms 2 and 3.

26. **Development partner coordination.** ADB works closely with the Government of Australia, the European Union, the IMF, and the World Bank to support the government in strengthening its macroeconomic policy and PFM. The IMF and the World Bank continue to provide assistance on domestic resource mobilization, and monetary and fiscal policy advice. Australia provides budget financing as well as support in PFM, health sector reform, and decentralization. The European Union supports national procurement reform and the PEFA assessment and road map development. The PFM working group meets quarterly, as do the health development partners. For the COVID-19 response, activities are closely coordinated with WHO through the cluster meetings it coordinates.

C. Impacts of the Reform

27. The program contributes to PNG's overarching development objective to provide affordable, accessible, equitable, and high-quality health services for all citizens. The reforms are expected to increase fiscal sustainability by supporting reductions in the fiscal deficit and public debt–GDP levels by 2022, in line with annual targets outlined in the MTFs. This task has become more challenging because of the COVID-19 shock, but gradual reductions are expected from 2021 onward (from the higher baseline). Preventing funding cuts for essential health services and increasing the national budget resources available for the health sector remains a major impact of the program. National and health sector-specific reforms are expected to increase the availability of funds, and the effectiveness and efficiency of resource use along the service delivery chain. Reforms are expected to help increase the average annual provincial health expenditure as a proportion of estimated need to at least 80%, and improve the availability of essential medical supplies by substantially reducing stockouts by 2023–2024 (Appendix 1). This will contribute to improved services that reduce major direct costs of disease, including (i) the loss of healthy life expectancy and adult earning power; (ii) medical treatment costs contributing to potential catastrophic out-of-pocket expenditures, which can significantly affect the consumption of other necessities and push families into poverty; and (iii) the opportunity costs of caretakers for sick family members. The program impact assessment estimates that a 20% reduction in disability-adjusted life years lost through common conditions could result in economic savings of up to 2%–4% of gross national income (\$400 million–\$800 million) annually.³⁹

³⁸ Go.Data is an outbreak investigation tool for field data collection during public health emergencies. WHO. [Go.Data](#).

³⁹ Program Impact Assessment (accessible from the list of linked documents in Appendix 2), based on the disease burden data from 2016.

D. Development Financing Needs and Budget Support

28. The program considers the government's financing needs, including additional needs stemming from the COVID-19 impact on the fiscal position; the availability of alternative financing, including the estimated financial support from other development partners; and debt sustainability. The overall financing needs of the 2020 budget increased through the COVID-19 emergency from \$1.4 billion to \$1.95 billion, which the government intends to fund through a combination of domestic and external borrowing as well as a drawdown from the available cash balance (Table 2). Of the pre-COVID-19 net external financing needs of almost \$1.0 billion, ADB-supported budget financing was programmed at \$500 million, comprising this subprogram (\$100 million), the first subprogram of the State-Owned Enterprises Reform Program (\$100 million), and commercial borrowing (\$300 million) supported by a policy-based guarantee.⁴⁰ However, in view of the COVID-19 impact on market conditions, commercial borrowing was postponed to 2021. In recognition of the specific health sector expenditure demands placed by COVID-19 this program provides an additional \$50 million to fund COVID-19-related expenditures, including the implementation of health-related activities of the Emergency Preparedness and Response Plan for COVID-19 and the strengthening of border and quarantine facilities as part of the government's economic stimulus package. The broader economic impacts of COVID-19, both through reduced revenues and increased expenditures especially to support businesses, are being mitigated through government's COVID-19 response plan, for which various development partners are providing support: (i) ADB's COVID-19 Pandemic Response Option of \$250 million is planned; (ii) the IMF approved \$364 million as part of its Rapid Credit Facility; (iii) the World Bank has approved an additional \$20 million; (iv) and other partners, including the governments of Australia and Japan, are considering further support to cover the financing gap.

Table 2: Development Financing Needs in 2020
(\$ million)

Item	Pre-COVID	Post-COVID	Change
Revenue and Grants	4,146	3,453	(693)
Expenditure	5,508	5,403	(105)
<i>of which: directly COVID-19 related</i>	0	445	445
Budget balance	(1,362)	(1,950)	(588)
Total budget financing needed	1,362	1,950	588
Drawdown from cash balance	0	131	131
Net domestic borrowing	370	566	196
Net external borrowing	992	1,253	261
<i>ADB-supported budget financing (gross)</i>	500	500	0
<i>Health Services Sector Development Program</i>	100	150	50
<i>State-Owned Enterprises Reform Program</i>	100	100	0
<i>Policy-based guarantee supported commercial borrowing</i>	300	0	(300)
<i>COVID-19 Pandemic Response Option</i>	0	250	250
<i>International Monetary Fund Rapid Credit Facility (gross)</i>	0	364	364
<i>Others^a (net)</i>	492	389	(103)

() = negative, ADB = Asian Development Bank, COVID-19 = coronavirus disease.

^a This includes financing provided by ADB project investments, the Government of Australia, the Government of Japan, and the World Bank, among others; and factors in loan repayment, including to ADB.

Sources: Asian Development Bank estimates, Government of Papua New Guinea, and International Monetary Fund.

29. The government has requested (i) a regular loan of \$100 million from ADB's ordinary capital resources; and (ii) a concessional loan of \$50 million from ADB's ordinary capital resources, in each case to help finance subprogram 3. This is an increase of \$50 million on the initially planned amount and reflects additional financing needs for the COVID-19 health sector response.

⁴⁰ ADB. [Papua New Guinea: State-Owned Enterprises Reform Program, Subprogram 1.](#)

The regular loan will have a 15-year term, including a grace period of 3 years; an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per year; and such other terms and conditions set forth in the draft loan agreement. Based on the straight-line method, the average maturity is 9.25 years, and there is no maturity premium payable to ADB. The concessional loan will have a 25-year term, including a grace period of 5 years; an interest rate of 2.0% per year during the grace period and thereafter; and such other terms and conditions set forth in the draft loan agreement.

E. Implementation Arrangements

30. The implementation period for subprogram 3 is September 2019–December 2020. The preparation and completion of policy actions for subprogram 3 was carried out from September 2019 to June 2020. The DOT is the executing agency. The DOF and the DOH are the implementing agencies. The proceeds of the policy-based loans will be withdrawn in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

III. DUE DILIGENCE

31. Following ADB's Safeguard Policy Statement (2009), subprogram 3 is classified *category C* for environment, involuntary resettlement, and indigenous peoples. Program activities will be confined to policy and institutional reforms. No activity will result in or lead to involuntary resettlement, or negatively affect indigenous peoples or the environment.

32. **Gender.** Subprogram 3 is classified *effective gender mainstreaming* and focuses on (i) supporting sustainable financial and health system management approaches to provide better quality health services for all and improve women's access to reproductive health services and high-quality maternal and child health facilities and services, and (ii) supporting women and girls during COVID-19. Policy actions include (i) prioritizing health sector budget allocations, with specific focus on ensuring budget for maternity, child health, reproductive health, and family planning services; (ii) supporting women in decision-making roles in the health sector by ensuring that at least one (out of nine) of the board of directors for each PHA is a woman; and (iii) a number of GRB actions, including the approval of GRB modules of the PHA manual, GRB training for PHA boards and executives in all 22 provinces, and systematic collection of age- and sex-disaggregated data and data on interpersonal physical violence at the PHA level to inform planning of effective health programs. The P3F continues these reforms, including through the publication of a gender analysis of the 2021 budget and an improved participatory budgeting process for 2021, involving consultations with women and other civil society stakeholder groups. COVID-19 gender actions include (i) weekly coordination meetings of the United Nations Government Protection cluster and gender-based violence subcluster; (ii) personal protective equipment for health workers; (iii) gender-sensitive communication and community engagement plans, with targeted messaging on COVID-19 and pregnancy and breastfeeding, gender-based violence, and sexual and reproductive rights; and (iv) a COVID-19 ministerial instruction stating that all other health services must continue to be delivered to communities despite the pandemic.

33. Promoting good governance and strengthening PFM are key government priorities, but systems and capacities remain fragile. Despite this, the government is assessed to have the ability to implement its budget, which is integral to the program's success. The program, complemented by development partner TA, contributes to the gradual reduction of critical fiduciary risks, including through procurement reform, the implementation of the IFMS, and support to subnational PFM systems. Major risks and mitigating measures are summarized in Table 3 and

described in detail in the risk assessment and risk management plan.⁴¹ ADB's Anticorruption Policy (1998, as amended to date) was explained to and discussed with the government.

Table 3: Summary of Risks and Mitigating Measures

Risks	Mitigation Measures
Prolonged COVID-19 containment measures and global economic downturn	The government prepared a supplementary budget and a revised medium-term fiscal strategy. Development partner support through budget financing, aim to cushion health, economic, and fiscal impacts.
Health funding flows do not reach health facilities	Policy actions will improve the flow of health function grants, while program actions and project activities will contribute to allocative and technical efficiency.
Procurement corruption and collusion	The implementation of the National Procurement Act, 2018 will achieve changes increasing transparency and accountability, and will be supported by ADB PFM TA.
Low quality of accounting, financial reporting, and monitoring	The program strengthens PFM through establishing standard processes, building capacity through training programs, and strengthening financial management information systems to establish better financial controls and compliance. ADB PFM TA will continue to work in these areas, while the project investment will support provincial health authorities in this.
A shortage of foreign currency and access to international credit market	Continuous monitoring by ADB of macroeconomic conditions; assessment of the impacts of external shocks, particularly with respect to commodity prices; coordination with other development partners; and potentially other forms of assistance.

ADB = Asian Development Bank, COVID-19 = coronavirus disease, PFM = public financial management, TA = technical assistance.

Source: Asian Development Bank.

IV. ASSURANCES AND CONDITIONS

34. The government has assured ADB that implementation of subprogram 3 shall conform to all applicable ADB policies including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the loan agreements. It is a condition of loan effectiveness that the government has met the policy actions for the release of the tranche for the third subprogram, and those policy actions continue to be in effect.

V. RECOMMENDATION

35. I am satisfied that the proposed policy-based loans would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve:

- (i) the loan of \$100,000,000 to Papua New Guinea for subprogram 3 of the Health Services Sector Development Program, from ADB's ordinary capital resources, in regular terms, with interest to be determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; for a term of 15 years, including a grace period of 3 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board; and
- (ii) the loan of \$50,000,000 to Papua New Guinea for subprogram 3 of the Health Services Sector Development Program, from ADB's ordinary capital resources, in concessional terms, with an interest charge at the rate of 2.0% per year during the grace period and thereafter; for a term of 25 years, including a grace period of 5 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan agreement presented to the Board.

Masatsugu Asakawa
President

19 November 2020

⁴¹ Risk Assessment and Risk Management Plan (accessible from the list of linked documents in Appendix 2).

DESIGN AND MONITORING FRAMEWORK

Country's Overarching Development Objective			
Affordable, accessible, equitable, and high-quality health services for all citizens developed (National Health Plan, 2011–2020) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>Effect of the Reform A more sustainable and efficient health care system achieved</p>	<p>By the end of 2024:</p> <p>a. Average annual provincial health expenditure as a proportion of estimated need increased to at least 80% for 2023–2024 (2013–2014 baseline: average of 53.5%)^b</p> <p>b. Average annual percentage of months that facilities do not have a shortage of any of eight essential supplies for more than 1 week in any month increased to at least 85% for 2022–2023 (2015–2016 baseline: average of 69%)^c</p>	<p>a. DOH sector performance annual review reports</p> <p>b. Annual DOH sector performance annual review reports</p>	<p>Impacts of the COVID-19 pandemic are prolonged and more severe than expected.</p> <p>Additional internal or external shocks (such as disasters caused by natural hazards) undermine fiscal consolidation, the safeguarding of health spending, and policy reform efforts.</p> <p>Changes in government priorities and political pressures undermine prudent fiscal management and the safeguarding of resources for essential health services.</p>
<p>Reform Areas under Subprogram 3 1. National frameworks and PFM enhanced</p>	<p>Key Policy Actions</p> <p>By 30 September 2020:</p> <p>1a. International Monetary Fund GFSM 2014 version of the national budget for 2020 approved (2019 baseline: not approved)</p> <p>1b. Updated whole-of-government financial management manual and financial instructions for service improvement program grants approved and published by Department of Finance (2019 baseline: outdated manual and instruction)</p> <p>1c. Financial instruction for the management of funds for the COVID-19 emergency response approved and published by the Department of Finance (2019 baseline: not applicable)</p> <p>1d. National Pandemic Act, 2020 comes into force (2019 baseline: not approved)</p>	<p>1a. GFSM 2014 version of the 2020 national budget</p> <p>1b. Published financial management manual and financial instruction</p> <p>1c. Copy of financial instruction</p> <p>1d. Copy of National Pandemic Act, 2020</p>	<p>Ongoing or recurring travel and work restrictions to counter the spread of COVID-19 affect reform implementation progress.</p> <p>Changes in government priorities shift resources away from selected reform areas.</p> <p>Limited capacity, poor performance management, and staff turnover undermine reform implementation and lead to poor collaboration between departments and agencies.</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
2. Subnational health system management strengthened	<p>By 30 September 2020:</p> <p>2a. All 21 established PHAs have an acting chief executive officer and board, including at least one woman, approved^d (2019 baseline: 17 established PHAs)</p> <p>2b. Additional modules of the PHA manual, including for gender-responsive budgeting, approved (2019 baseline: basic version of the PHA manual)</p> <p>2c. PHA budgets that include routine maintenance for health facilities (including maternal and child health services) and capture all resources for subnational health service delivery produced by at least 12 PHAs (2019 baseline: 11 PHAs)</p> <p>2d. Annual reports for 2018 and 2019, including sex-disaggregated data, produced and published by at least 12 PHAs (2019 baseline: 11 PHAs produced 2017 reports)</p> <p>2e. At least four audit reports of PHAs completed (2019 baseline: 0)</p> <p>2f. No stockout of appropriately sized personal protective equipment and infection prevention and control products and supplies in at least 12 PHAs (2019 baseline: not applicable)</p> <p>2g. DOH approved provincial COVID-19 preparedness and response plan and budget in place in at least 12 PHAs (2019 baseline: 0)</p>	<p>2a. Government gazettes of establishment and appointments</p> <p>2b. PHA manual approved by the DOH</p> <p>2c. PHA 2020 budgets</p> <p>2d. PHA annual reports</p> <p>2e. Audit opinions signed by the Auditor General</p> <p>2f. Monthly PHA inventory reports</p> <p>2g. Monthly PHA inventory reports</p>	
3. Health service delivery components strengthened	<p>By 30 September 2020:</p> <p>3a. Independent assessment of the supply chain network and the current logistics management information system completed and recommendations endorsed by technical working group on pharmaceutical procurement (2019 baseline: not endorsed)</p>	<p>3a. Report and minutes of technical working group meeting showing endorsement</p>	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>3b. eNHIS rolled out to remaining 14 provinces (2019 baseline: 7 provinces with eNHIS)</p> <p>3c. Emergency Preparedness and Response Plan for COVID-19 approved and initial funding of K23.3 million disbursed^e (2019 baseline: not approved)</p> <p>3d. Institutional arrangements for effective COVID-19 response, including the National Interagency Coordination Taskforce and Disaster Management Clusters (including protection cluster and GBV subcluster) activated (2019 baseline: Not activated)</p>	<p>3b. Report verifying completion of eNHIS rollout</p> <p>3c. Emergency Preparedness and Response Plan for COVID-19 and financial report showing disbursement</p> <p>3d. Progress report of Emergency Preparedness and Response Plan for COVID-19 documenting activation</p>	
<p>Budget Support</p> <p>Asian Development Bank: \$100 million (regular OCR loan) Asian Development Bank: \$50 million (concessional OCR loan)</p>			

COVID-19 = coronavirus disease, DOH = Department of Health, eNHIS = electronic National Health Information System, GBV = gender-based violence, GFSM = Government Financial Statistics Manual, PFM = public financial management, PHA = Provincial Health Authority.

^a Government of Papua New Guinea. 2010. *National Health Plan, 2011–2020: Transforming our Health System towards Health Vision 2050*. Port Moresby.

^b The estimated need for provincial health service delivery is calculated based on the minimum cost requirements derived from the periodically updated cost of services study of the National Economic and Fiscal Commission.

^c Essential medical supplies comprise Depo-Provera injections (family planning), ergometrine (maternal health), measles vaccines, oral rehydration solutions (diarrheal disease), oxygen, amoxicillin tablets, artemisia combination, and baby books.

^d Boards have nine members in total. On each board, at least one member must be a woman.

^e This includes gender-responsive communication plans and the dissemination of information on GBV referral pathways.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=51035-005-3>

1. Loan Agreement: Ordinary Operations
2. Loan Agreement: Ordinary Operations (Concessional)
3. Sector Assessment (Summary): Health Sector
4. Contribution to the ADB Results Framework
5. Development Coordination
6. Country Economic Indicators
7. International Monetary Fund Assessment Letter
8. Summary Poverty Reduction and Social Strategy
9. Risk Assessment and Risk Management Plan
10. List of Ineligible Items
11. Approved Report and Recommendation of the President to the Board of Directors: Health Services Sector Development Program (Subprogram 1)
12. Approved Report and Recommendation of the President to the Board of Directors: Health Services Sector Development Program (Subprogram 2)

Supplementary Documents

13. Sector Assessment (Summary): Public Sector Management
14. Program Impact Assessment
15. Summary of Changes to Policy Actions Since Published in Subprogram 2
16. Summary of Papua New Guinea's COVID-19 Emergency Response Plan
17. Program Policy Matrix

DEVELOPMENT POLICY LETTER



INDEPENDENT STATE OF PAPUA NEW GUINEA

MINISTER FOR TREASURY

12 August 2020

MASATSUGU ASAKAWA

President

Asian Development Bank

6 ADB Avenue, Mandaluyong City 1550

Metro Manila

Philippines

Dear President Asakawa,

Government of Papua New Guinea Development Policy Letter

1. This letter outlines the development priorities and major policies of the Government of Papua New Guinea. The Government continues to be committed to critical reform initiatives to strengthen public financial management and the wider health sector for the improvement of health service delivery and the development of Papua New Guinea more broadly. This letter should be read in conjunction with the attached Policy Matrix in which we have outlined the policy reform actions undertaken in the second half of 2019 and in 2020 and an outline of planned ongoing reform.
2. Trade and travel restrictions and other measures to contain the spread of COVID-19 as well as the associated sharp global economic downturn will have a severe impact on the already fragile economic and fiscal situation in PNG. This program supports the government's immediate response to COVID-19 as the government seeks to support the private sector and to stabilize public finances through this period. In this context, reforms ensure adequate resourcing and operational arrangements of the government's COVID-19 response while improving the effective and efficient use of available public resources and ultimately build resilience to future economic and fiscal shocks.

3. Due to the eroding revenue collections and additional expenditure needs, the fiscal deficit is expected to increase from 3.5% to 6.4% of GDP. The government intends to finance this through a combination of domestic and external borrowing, including through additional COVID-19 response financing from the International Monetary Fund, other development partners and other sources. Social sectors remain the spending priority of the government and the government has demonstrated increasing commitment to safeguarding funding for essential health services, as supported under the program.
4. I therefore seek ADB's favorable consideration of the reform achievements for subprogram 3 with a loan of US\$150 million. Subprogram 1 was disbursed in 2018 for US\$100 million, and subprogram 2 for US\$100 million in 2019. Subprogram 3 had been anticipated for another \$100 million, however the impacts of COVID-19 has lead the government to request an additional \$50 million for a total of \$150 million. The attached program policy matrix contains all the achieved policy reform actions for subprogram 3, including some actions that outline the response of government to COVID-19, as agreed between the Government and ADB, is in line with the Government's policy reform agenda.
5. The substantive policy actions for subprogram 3 as outlined have all been completed. In order to enhance national frameworks and public finance management, reforms completed under subprogram 3 included: (i) ongoing alignment of the 2020 national budget to the medium-term fiscal strategy (including debt estimates and projections against targets, domestic revenue-to-GDP and with fiscal anchors to safeguard essential health services), a recalibration of the 2020 budget will now be required based on the COVID-19 support package announced and the changed global and local economic circumstances; (ii) publishing of the Public Finances (Management) (Amendment) Act 2018 and updated financial management manuals and instructions; (iii) ongoing enhancement of the IMF Government Finance Statistics Manual 2014 version of the 2020 national budget; (iv) the completion of a National Public Expenditure and Financial Accountability assessment and two subnational assessments; (v) progress of actions as outlined under the National Procurement Act 2018 implementation plan; and (vi) of the introduction of reforms to improve the management of the personal emolument budget. In

support of the effective Government response to the COVID-19 pandemic, the government allocated substantial emergency response resources, including for health and security; issued financial instructions for the prudent and accountable use of these resources as well as improved transparency of emergency procurement information; and the Parliament passed the National Pandemic Bill, 2020, which came into force on 17 June 2020 and enables a more effective national response to future pandemics, pestilences, and other public health emergencies.

6. To strengthen subnational health system management, reforms completed under subprogram 3 included (i) the establishment of the final four provincial health authorities (PHA); (ii) the Department of Health approved additional modules for the PHA Manual including gender responsive budgeting modules and rolled out training around this; (iii) the 2020 budget contained direct transfers to existing PHAs; (iv) existing PHAs have basic maintenance budgets for provincial and district hospitals as well as lower level health facilities; (v) established PHAs have published budgets for subnational health delivery including health function grants; (vi) PHAs have submitted mid-year budget execution reports and annual reports as appropriate based on their establishment date; (vii) a health expenditure review was undertaken by Department of Treasury and major recommendations published as non-financial instructions in the 2020 budget book; and (viii) the Auditor General's Office completed the audits of five PHAs.
7. To strengthen health service delivery, reforms completed under subprogram 3 included (i) an independent assessment of the current logistics management and information system for suitability and financial sustainability and recommendations submitted to Cabinet; (ii) Department of Health approved a 2-year procurement plan and budget and a 10 year procurement master plan; (iii) Department of Health awarded the contract for implementation of the eNational Health Information System in the remaining 14 Provinces; (iv) data collected in PHAs expanded to include the collection of age and sex disaggregated data and to include collection of data on interpersonal physical violence; and (v) in response to COVID-19, a health emergency response plan was developed and the National Interagency Coordination Taskforce was established to oversee the implementation of the Emergency Preparedness and

Response Plan for COVID-19; the Disaster Management Clusters, including the Protection Cluster and the Gender-based Violence Sub-cluster were activated; and all 22 provinces activated their Provincial Emergency Operations Centres. To implement immediate actions of the plan, the government disbursed a K23.3 million COVID-19 health sector support package, including for proper-sized personal protective equipment for health workers and gender-sensitive COVID-19 communication and community engagement plans. Lastly, the eNHIS and the World Health Organization's Go.Data system were rapidly adapted for better disease surveillance, particularly in high risk areas.

8. Looking ahead, reflective of the Government's interest to continue the close cooperation with ADB, including through reform dialogue and technical assistance, we have included our next reform steps in the post-program partnership framework of the Policy Matrix. While we have achieved substantial progress through the reforms supported by the Health Services Sector Development Program, many of the reform areas are ambitious long-term initiatives to revamp the public sector in PNG and lift service delivery performance for the benefit of all citizens of our country. Continued collaboration with ADB and other development partners in this endeavour is an important priority of the Government.

9. I am confident that the Government's strong leadership and ownership of the reforms, supported by ongoing financial and technical assistance from ADB, and effective development partner collaboration over the medium term, will result in the successful implementation of future reforms to create long term fiscal sustainability and improved health service delivery for Papua New Guineans.

Yours sincerely


HON. IAN LING-STUCKEY, CMG. MP
Minister for Treasury



POLICY MATRIX

Reform Area	Subprogram 3 Actions	Post-program Partnership Framework To be implemented over the next 1–2 years
Reform Area 1: NATIONAL FRAMEWORKS AND PUBLIC FINANCIAL MANAGEMENT ENHANCED		
1.1 Fiscal framework and prioritization of aggregate budget allocations improved	<p>1.1.1 Parliament approved the 2020 national budget that maintains targets outlined in the rolling Medium Term Fiscal Strategy, updated based on a due diligence exercise that informed revisions to the Fiscal Responsibility Act 2006, that includes</p> <p>(i) debt estimates for 2019 of 38.5% and projections of 40.3% in 2020, with a decreasing trajectory from 2022 onward in line with the amended Fiscal Responsibility Act target of achieving a debt ratio below 40% of GDP by 2025;</p> <p>(ii) domestic revenue-to-GDP ratio (excluding grants) estimated at 14.2% in 2019 and projected at 14.3% (above the target of 14%) by 2022; and</p> <p>(iii) a fiscal anchor targeting two-thirds of expenditure (excluding interest payments) on key development enablers including to safeguard essential health services.</p>	<p>Approval of a supplementary budget for 2020 that provides, in a prudent manner, adequate funding for health emergency response and essential services as well as the economic recovery from the impacts of the COVID-19 pandemic.</p> <p>Development and approval of an updated Medium Term Fiscal Strategy that reflects COVID-19 impacts and provides a path toward fiscal sustainability in the medium- to long-term.</p>
1.2 National Public Finance Management (PFM) regulatory framework, systems and processes improved	<p>1.2.1 Department of Finance published the Public Finances (Management) (Amendment) Act 2018 on their website, together with the updated financial management manual and all financial instructions.</p> <p>1.2.2 Department of Treasury continued to implement improved budget processes and formats comprising</p> <p>(i) a further enhancement of the Government Finance Statistics Manual (GFSM) 2014 budget book version for 2019 through (a) the reorganization of budget agencies into government sectors and introduction of sector summaries, and (b) the removal of economic classification tables at the activity level to reduce information overload and shift strategic focus to the program level; and</p> <p>(ii) the preparation of a strategic sector budget summary for health for 2020 as a trial for rollout in the 2021 budget process.</p> <p>1.2.3 Secretary of Finance has approved financial instructions for the District Service Improvement Program and Provincial Service Improvement Program grants and published them on the Department of Finance website.</p> <p>1.2.4 Department of Finance has</p>	<p>Implementation of key legislative PFM reforms identified through the new PFM roadmap based on the completed PEFA assessment.</p> <p>Launch of the GFSM-based version as the main budget book for 2021, with subsequent phasing out of the old format.</p> <p>Completion of initial gender sensitive budgeting measures including publishing of a gender analysis of the 2021 budget and an improved participatory budgeting process for 2021 involving consultations with women and other civil society stakeholder groups.</p> <p>Revision of the administrative guidelines to address shortcomings in project selection, design and quality assurance.</p> <p>Publishing of the national PEFA assessment and a total of four subnational PEFA assessments.</p>

Reform Area	Subprogram 3 Actions	Post-program Partnership Framework To be implemented over the next 1–2 years
	<p>(i) completed a National Public Expenditure and Financial Accountability (PEFA) assessment and it has been approved by the PEFA Secretariat, and</p> <p>(ii) completed drafts of the subnational PEFA assessments of two provinces (Western Highlands and New Ireland).</p>	Development of prioritized and sequenced national and subnational PFM reform roadmaps to inform future policy reforms.
1.3 National procurement reform	<p>1.3.1 Department of Finance has completed actions as outlined in the National Procurement Act 2018 implementation plan approved under subprogram 2 including</p> <p>(i) eProcurement digital system given in principle approval for implementation by the NPC Board;</p> <p>(ii) National Procurement Commission Board and Authority to Pre-Commit Committee operational; and</p> <p>(iii) Procurement frameworks, controls and guides approved by NPC Board (TBC), including</p> <ul style="list-style-type: none"> a. Procurement Capacity & Certification Framework, b. Procurement Performance & Monitoring Framework, c. Administrative Review (Complaints Mechanism) Framework, d. Post National Budget Procurement Plan Guidelines & Training Material, e. Technical and Financial Evaluation Committee (TFEC) Guide & Training Package, f. Acquisition Planning Guide & Training Package, and g. Procurement Compliance (Audit) Framework has been drafted. 	Completion of remaining actions of the implementation plan, including launch of the eProcurement digital system.
1.5 Budget expenditure reform	<p>1.5.1 Department of Treasury introduced reforms that will improve the management of the personal emolument budget including</p> <p>(i) payroll management reports that will establish targets against approved budget and display (%) variances against target and actuals (via the integrated financial management system and Alesco payroll system),</p> <p>(ii) cash flow forecast reporting that will be used to forecast personal emolument expenditure for the following quarters, and</p> <p>(iii) an improved forecasting process that will provide a three way reconciliation process for agencies to estimate realistic personal emolument forecasts.</p>	<p>Completion of an independent audit of government employment and payroll practices and developed a comprehensive and time bound reform plan.</p> <p>Implementation of key reform plan measures to improve establishment processes and strengthen payroll controls.</p>

Reform Area	Subprogram 3 Actions	Post-program Partnership Framework To be implemented over the next 1–2 years
1.6 Whole-of-government COVID-19 response	1.6.1 To enable an effective COVID-19 emergency response, the government allocated K600 million (\$174 million) for direct spending measures, including K152 million (\$44 million) for the health sector, K173 million (\$51 million) for security (including border controls), and K250 million (\$74 million) for agriculture and small business support.	Appropriation of additional resources needed for effective COVID-19 response as part of the 2020 supplementary budget and 2021 regular budget and is undertaken in a fiscally sustainable manner.
	1.6.2 To ensure accountability in the use of resources for the COVID-19 emergency response, the government <ul style="list-style-type: none"> (i) issued a financial instruction (5/2020) for the management of funds for the COVID-19 emergency response, covering procurement; budget appropriations and recording of COVID-19 funds; and the establishment, use and reconciliation of COVID-19 emergency trust accounts at national, provincial and district levels; (ii) publishes details of COVID-related government procurement (contract issuer, contract amounts, the specific nature of the goods or services procured, their price per unit where applicable, contract recipients and beneficial owners, and validation of contract delivery) within one week of contracting on the government procurement website (http://www.procurement.gov.pg/), under a special tab; and (iii) provides periodic reports to the Procurement Committee Meeting, with the first submitted in May 2020. 	Within three months of the end of the State of Emergency, a consolidated report on procurement will be provided to the National Executive Council. Within one year of the end of the State of Emergency, the government will commission and publish an audit by an independent and reputable auditor.
	1.6.3 To enable the government to respond effectively to a future pandemic, pestilence or public health emergency and ensure delivery of a national response, Parliament has approved the National Pandemic Bill 2020 and it came into force on 17 June 2020.	
Reform Area 2: SUBNATIONAL HEALTH SYSTEM MANAGEMENT STRENGTHENED		
2.1 Health institutional arrangements strengthened	2.1.1 Department of Health established the final four Provincial Health Authorities (PHAs) ¹ with <ul style="list-style-type: none"> (i) signed Provincial Health Partnership Agreements between Department of Health and the relevant provincial government, (ii) organizational structures approved by the Department of Personnel Management, and 	Regular oversight of PHAs to ensure governance arrangements, management and organizational structures are effective and accountable to deliver health services across all 21 provinces with PHAs.

¹ Provinces are Central Province, Simbu, Western Province, and the National Capital District

Reform Area	Subprogram 3 Actions	Post-program Partnership Framework To be implemented over the next 1–2 years
	<p>(iii) Acting Chief Executive Officer and Board of Directors appointed. At least one Director on each Board of Directors is a woman.</p> <p>2.1.3 Secretary of Health approved additional modules to the Provincial Health Authority Manual that includes public financial management and gender responsive budgeting and reflects changes to legislation including the Public Finances (Management) (Amendment) Act 2018, National Procurement Act 2018 and others as appropriate.</p> <p>2.1.4 Gender Responsive Budgeting training provided to PHA Executives and Board in all 22 Provinces.</p>	<p>Completion of additional modules of the PHA Manual, including (but not limited to) asset management, internal audit, facility supervision, patient referral and medical records management.</p> <p>Rollout of PHA Manual training to PHA boards, management and technical officers, including on gender responsive budgeting, monitoring and reporting.</p>
2.2 Health sector funds flows	<p>2.2.1 Parliament approved 2020 budget showing direct transfers to all existing Provincial Health Authorities including provincial and district hospital funding.²</p> <p>2.2.2 To ensure sustainability of health facilities the budgets of existing Provincial Health Authorities and additional 6 Provincial Health Authorities established in 2019 include basic maintenance budgets covering</p> <p>(i) the provincial hospital,</p> <p>(ii) the district hospitals, and</p> <p>(iii) the network of lower level facilities included under the Provincial Health Authority.</p>	<p>Continuation of direct transfers of provincial and district hospital funding as well as health function grants to PHAs.</p> <p>Rollout of improved PFM processes and formats based on the PHA Manual and aligned to the Department of Finance's whole-of-government financial management manual and the integrated financial management system (IFMS).</p> <p>Completion of rollout of the IFMS to all 21 PHAs.</p>
2.3 Health sector planning and budgeting	<p>2.3.1 All established Provincial Health Authorities published budgets with for 2020 that capture all resources (regardless of expenditure authority and funds flows) for subnational health service delivery, including health function grants (for Provincial Health Authorities eligible to receive these grants).³</p>	<p>Training of PHA boards, management and technical officers on improved practices and systems, with support from the project component of the Health Services Sector Development Program.</p>
2.4 Health sector	<p>2.4.2 Department of Health has confirmed</p>	

² Provinces are Western Highlands, Eastern Highlands, Southern Highlands, West New Britain, Hela, Milne Bay, Enga, East Sepik, Manus, West Sepik, New Ireland, East New Britain, Gulf, Morobe, Northern/Oro, Jiwaka, Madang.

³ Provinces include Western Highlands, Eastern Highlands, Southern Highlands, West New Britain, Hela, Milne Bay, Enga, East Sepik, Manus, West Sepik, New Ireland, East New Britain, Gulf, Morobe, Northern Highlands, Jiwaka, Madang.

Reform Area	Subprogram 3 Actions	Post-program Partnership Framework To be implemented over the next 1–2 years
accounting and reporting	(i) submission of mid-year budget execution reports for 2019 for 12 PHAs to Department of Treasury; (ii) publishing of annual financial and performance reports that include sex-disaggregated data for 2018 for 11 PHAs established prior to end 2017; and (iii) approval of an annual report template for PHAs for use for 2020 annual reports that will take advantage of the accessibility of all PHAs to standard sex-disaggregated data and of gender responsive budgeting and reporting guidance as part of the PHA manual.	Completion of PHA annual reports for 2019.
2.5 Health sector internal and external scrutiny	2.5.1 Department of Treasury (i) held at least 1 health expenditure review in 2019, (ii) submitted recommendations to the Secretary, and (iii) published all approved major recommendations as non-financial instructions in the 2020 budget book. 2.5.2 Auditor General's Office shall have audited, directly or through a contracting out arrangement, five Provincial Health Authorities that receive primary health and hospital service funds. ⁴	Completion of audits up to FY2019 for all remaining PHAs, tabling of audits in Parliament, and publishing of audit reports on the Auditor General's Office website.
Reform Area 3: HEALTH SERVICE DELIVERY COMPONENTS STRENGTHENED		
3.1 Medical supplies procurement and distribution efficiency improved	3.1.1 Department of Health has (i) completed an independent assessment of the current logistics management and information system for suitability and financial sustainability, and (ii) approved the recommendations and submitted by the Minister for Health to Cabinet for approval. 3.1.2 Department of Health approved a 2-year procurement plan and budget and a 10-year procurement master plan that provides longer-term certainty for budgeting and planning purposes.	Cabinet approval of recommendations of the independent assessment. Implementation of key recommendations, including to outsource the supply chain. Implementation of the first year from the 2-year procurement plan and budget.

⁴ The audits will cover Eastern Highlands, Enga, Hela, Milne Bay and Southern Highlands Provincial Health Authorities.

Reform Area	Subprogram 3 Actions	Post-program Partnership Framework To be implemented over the next 1–2 years
		Prepare rolling 2-year procurement plans and budgets in line with the 10-year procurement master plan.
3.3 Health information systems	<p>3.3.1 The Department of Health</p> <ul style="list-style-type: none"> (i) following an independent evaluation of the electronic National Health Information System (eNHIS), officially endorsed, through the Minister of Health, the eNHIS system as the official, nationally owned system for health information collection in the country, and published the endorsement on the Department of Health website; and (ii) awarded the contract for implementation of tablet-based data entry in the remaining 14 Provinces and the ongoing management of the eNHIS system in the whole country for a period of 5 years starting in 2020.⁵ <p>3.3.2 Data collected in PHAs expanded to include the collection of age and sex disaggregated data and to include collection of data on interpersonal physical violence.</p>	<p>Completion of the eNHIS rollout to all provinces.</p> <p>Establishment of dashboards and pre-configured reports to monitor health service delivery and outcomes (including for interpersonal physical violence) and inform policy and management decision-making in real time.</p>
3.4 Health sector COVID-19 emergency response	<p>3.4.1 In response to the threat of COVID-19, the government</p> <ul style="list-style-type: none"> (i) approved the Department of Health’s Emergency Preparedness and Response Plan for COVID-19, outlining 10 priority areas including incident management and planning, and surveillance, risk assessment and rapid response; (ii) implemented the National Interagency Coordination Taskforce through a decision by the National Executive Council to oversee the implementation of the Emergency Preparedness and Response Plan for COVID-19; (iii) activated the Disaster Management Clusters, including the Protection Cluster and the Gender-based Violence Sub-cluster; and (iv) activated Provincial Emergency Operations Centres in all 22 provinces. <p>3.4.2 The government rapidly disbursed an initial K23 million (\$7 million) health sector COVID-19 support package, including for proper-sized/fit personal protective equipment for health workers and gender sensitive COVID-19 communication and community</p>	<p>Implementation of all identified immediate measures of the 2-year COVID-19 emergency response plan, including clinical management services, communication & social measures, and infection prevention and control.</p>

⁵ The 14 provinces are West Sepik, East Sepik, Madang, Oro, Central, Gulf, Hela, Southern Highlands, Jiwaka, Eastern Highlands, Chimbu, Manus, New Ireland and East New Britain.

Reform Area	Subprogram 3 Actions	Post-program Partnership Framework To be implemented over the next 1–2 years
	engagement plans, including targeted messaging for pregnant and breastfeeding women, information on gender-based violence referral pathways and advice for health providers relating to women’s rights to sexual and reproductive health care irrespective of COVID-19 status.	
	<p>3.4.3 To enable improved disease surveillance, the Department of Health</p> <p>(i) set up and expanded the World Health Organization’s (WHO) Go.Data system, including through adding a call center, call center and mapping dashboards, online case identification, case and laboratory data entry and download, and interactive mapping functionality; and</p> <p>(ii) added fields to the eNHIS to allow for recording of confirmed COVID-19 cases as well as monitoring of outpatient presentations and inpatient admissions with symptoms consistent with the PNG COVID-19 Case Definitions.</p>	Establishing of enhanced disease surveillance and reporting capabilities through the eNHIS and WHO’s Go.Data across all 22 provinces.