

Realising MTPD3 Aspirations

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MTDP3 Links

The MTDP3 captures the objectives set out in the:

- Alotau Accord 2 goals
 - Inclusive Economic Growth with renewed focus on agriculture
 - Continuing with Infrastructure development
 - Improvement of quality of health care
 - Improvement of quality of education and skills development
 - Improvement of law and order
- Building on the gains of MTDP1 and MTDP2
- Strategy for Responsible Sustainable Development (StsRS)
- United Nations Sustainable Development Goals (“SDG”)
- Vision 2050

MTDP3 Framework

- The MTDP3 Framework is in accordance with the **PNG Planning and Responsibility Act 2016**.
- The framework sets out the:
 - Effective monitoring
 - Evaluation and Reporting processes to promote greater efficiency, productivity and ultimately to achieve the intended National Development outcomes.
- MTDP3 serves as the national development framework to deliver key development outcomes and targets for the next five years. It guides the national and sub-national governments to:
 - Focus on key development outcomes
 - Align all development plans over the medium term (2018 - 2022) towards Vision 2050
 - Identify and prioritise resourcing the Sector Programs and Projects over the next five years.
- The MTDP3 is linked to the National Budget through the National Budget Framework Paper

MTDP3, 2018 - 2022

- It's the GoPNG Five-Year Plan
- Sets out the key Development Priorities
 - Development Objectives
 - Strategies
 - Financing Plan
- The GoPNG have stated achievements in terms of:
 - Literacy rate
 - Life expectancy
 - Under five mortality
 - DSIP
 - Tuition-free
 - Free Primary Health care
 - Investment in Infrastructure

MTDP3, 2018 - 2022

- The opportunity to spend more is limited by the Internal Revenue (“IR”) Base
- Current IR is K10 billion per annum
- Our Government compared PNG to NZ
 - Agriculture
 - Manufacturing
 - Fisheries
- These are the focus areas and highlighted in the Alotau Accord 2.

MTDP3, 2018 - 2022

- Plans to date:
 - Dairy factory in POM, a second factory in Lae
 - Commercial rice farming
 - PMIZ, Madang
 - Investment in cocoa, oil palm, coffee, fresh produce, livestock
 - Downstream processing
 - Manufacturing of forest products
- Work In Progress:
 - PNG LNG Project
 - Wafi-Golpu

MTDP3, 2018 - 2022

- Additional Investments in:
 - Four International wharves
 - Five new National Highways
 - Missing road links
 - Kumul Submarine Fibre Optic cable
 - Reducing the cost of internet access and power
 - Addressing youth unemployment
 - Increasing the size of the RPNGC
 - Create a new PNGDF base in Hela Province
 - Further investments in CIS and Law and Order Agencies
 - Developing Five New Polytechnic Institutions
 - Establish Youth Incubation Centres (based on the Indian Model)

MTDP3, 2018 - 2022

- Over the Medium Term, these investments will result in increases in Internal Revenue to fund:
 - Health
 - Education
 - Improvements to rural districts (2018 - 2022)
 - Hospitals
 - Offices
 - Town water
 - Town roads upgrading and sealing
 - Rural Electrification
- APEC Benefits
 - Secure high impact projects
 - Market trade and investment opportunities

MTDP3, 2018 - 2022

- The single biggest risk - uncontrolled population growth
- The Plan calls on the following stakeholders to support MTDP3:
 - GoPNG (National, Provincial and District)
 - Development Partners
 - Private Sector
 - Citizens of PNG

The Process

- The Plan was developed through a wide consultative process over a nine-month period:
 - International
 - Regional
 - National
 - Provincial
 - Sectoral
- Lessons learnt from MTDP1 and MTDP2 were noted
- Lessons also learnt from Asia Pacific nations

MTDP3 Conclusion

- **Conclusion by GoPNG:**
 - PNG has insufficient Internal Revenue
 - Current revenues do not match the current population
 - Over-reliance on non-renewable resources sector was a mistake
 - The quality of education has declined in recent years
 - Lost focus on disease prevention
 - Only 5% of total capital investment budget spent in the economic sector in MTDP1 and MTDP2
 - PNG has not optimised gains in managing Development Cooperation Programs
 - Tax Credit Scheme works

MTDP3 Conclusion

- **Conclusion by GoPNG:**
 - PNG has a serious Youth and Unemployment crisis
 - Serious Law and Order Problems
 - High Cost of doing business
 - The lack of basic and accurate data (failed National Census and ineffective NSO)
 - Costly Elections
 - PNGDF is inadequately equipped to assist in national disasters
 - Limited biosecurity in the Agriculture sector

MTDP3 Objectives

- To build a bigger and more inclusive economy (that raises more internal revenue)
- To create an environment to attract more private sector investment
- To provide more skills training and employment opportunities for your youth
- To empower citizens and provide them more business opportunities
- To improve the quality of health and education in rural and urban areas
- To invest in upgrading PMGH and Alotau Hospitals to Level 7 Super Specialist Hospitals
- Building new Hospitals in Enga and Central Provinces
- Enabling NSO to deliver the 2020 Census and the NID rollout by 2021
- To introduce the electronic voting system
- Returning to the “First Past the Post” voting system in 2022
- To maintain population growth

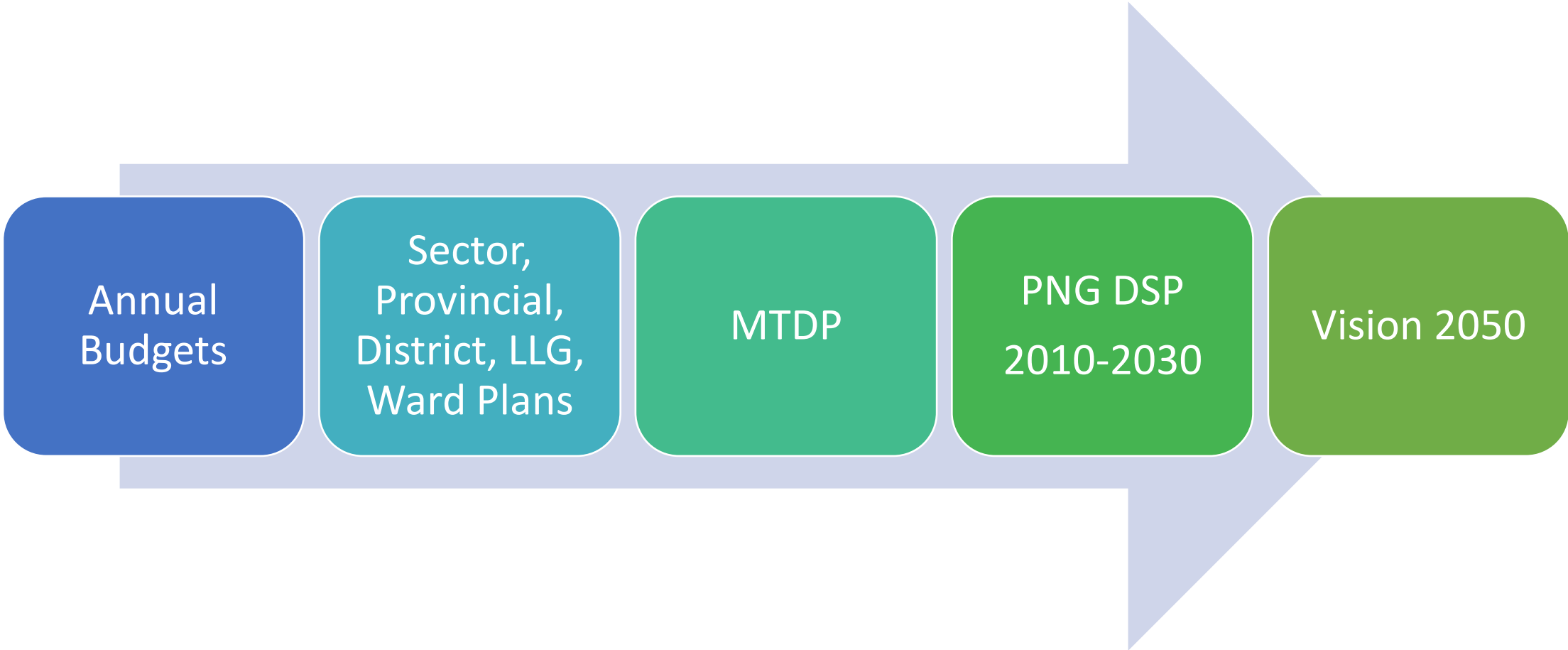
MTDP3 Objectives

- To improve the PNGDF Air Transport Squadron
- To unlock the potential for PPP in the agriculture sector (e.g. PMIZ Project in Madang)
- To reduce the cost of doing business by developing new National Highways:
 - Highlands Highway
 - Development of
 - Momase Highway
 - Central to Milne Bay Highway
 - Morobe to Gulf Highway
 - Baiyer to Madang Highway
 - Gulf to Southern Highlands Highway
 - International wharves:
 - Wewak, Kikori, Vanimo and Manus
 - Nadzab Airport redevelopment

MTDP3 Funding

- The MDTP will cost K27 billion over the five-year period (2018 - 2022)
- The Development Cooperation Policy (launched in October 2018)
 - To target additional funding from Development Partners
 - 50% of all AID funding to support infrastructure projects
 - Kina for Kina basis
 - Tax Credit Scheme has been increased and will support GoPNG funding.

MTDP3 National Planning Framework



MTDP3, Joining the dots

- The MTDP3 Fiscal Framework is outlined in the Medium Term Fiscal Strategy 2018 - 2022 (“MTFS”), which contains the:
 - Medium Term Revenue Strategy (“MTRS”)
 - Medium Term Debt Strategy (“MTDS”)
- The MTRS focuses on:
 - Reinforce tax compliance
 - Broaden the revenue base
 - Increase the share of non-resource revenue
- The 2019 Budget Strategy Paper revised MTFS projections in light of recent announcements.

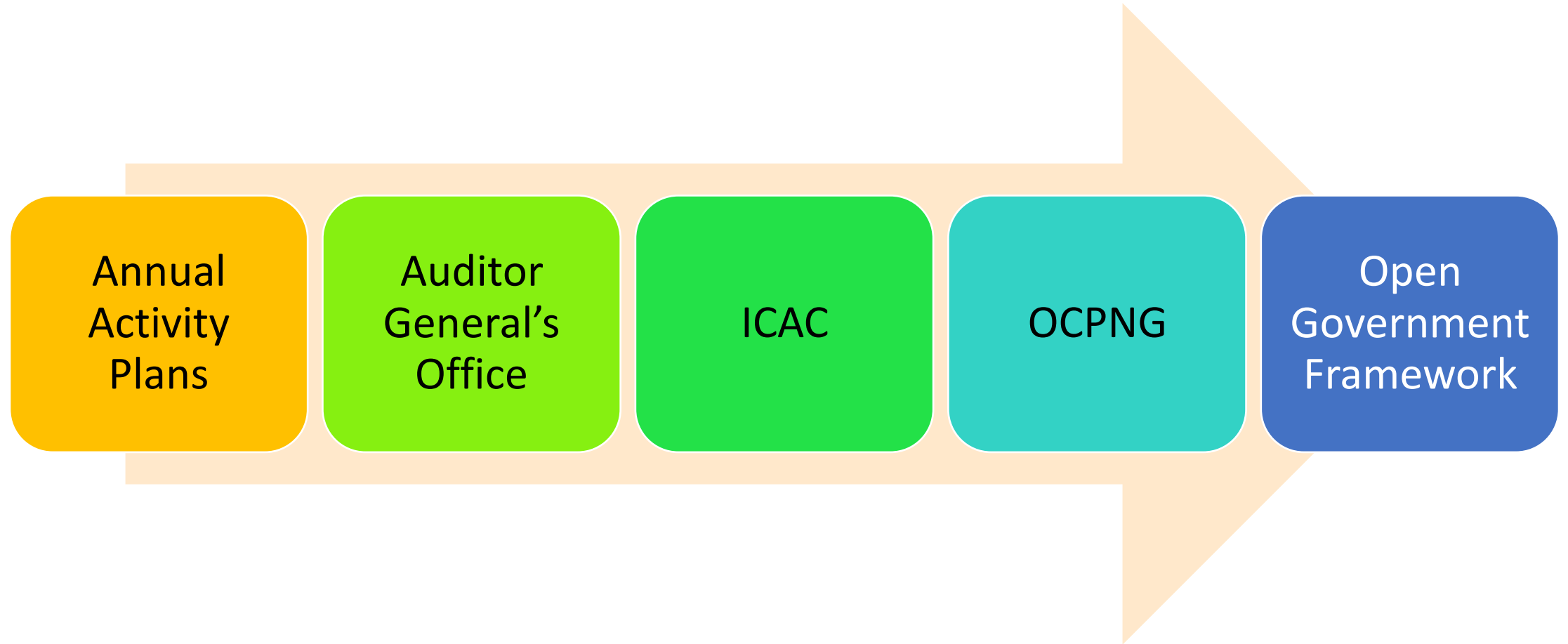
MTDP3 Financing Requirements

Sector	Sectoral Composition	2018	2019	2020	2021	2022	Total
Admin	10%	540.8	490.9	556.2	615.3	618	2,820.3
Community & Culture	1%	72.8	71.0	75.2	69.8	60.5	349.3
Economic	12%	631.3	686.9	627.9	648.5	648.6	3,243.2
Education	8%	355.9	385.3	446.6	490.7	502.9	2,181.4
Health	9%	462.2	432.7	490.7	520.4	572.5	2,478.4
LJS	5%	183.9	263.3	275.3	240.7	268.3	1,231.3
Provinces	29%	1,343.8	1,493.2	1,586.8	1,640.8	1,691.5	7,756.1
Transport	19%	684.3	809.6	933.9	1,134.4	1,536.7	5,099.2
Utilities	8%	369.1	294.0	371.0	459.7	549.4	2,043.2
TOTAL	100%	4,643.9	4,926.2	5,363.6	5,820.2	6,448.5	27,202.4

MTDP3 Sources of Funding

Sector	2018	2019	2020	2021	2022
Funding Required	4,643.9	4,926.2	5,363.6	5,820.2	6,448.5
Sourced from:					
Concessional Loans	593.9	816.9	1,163.3	1,585.9	2,016.2
Grants	1024.6	943.1	932.1	932.1	932.1
GoPNG	3,025.4	3,166.2	3,268.2	3,302.2	3,500.2
Total Funds Expected	4,643.9	4,926.2	5,363.6	5,820.2	6,448.5

MTDP3 Back to basics



MTDP3 Back to basics

- Annual Activity Plans (“AAP”)
 - A number of AAP prepared prior to the Annual Budget are not reviewed after the Budget is approved (poor financial management)
 - Whole of Sector Plans are not utilised
 - Health Sector
 - Law and Justice Sector
 - Education Sector
 - Procurement is not centralised within a Department
 - ILPOC processes are not complied with in a number of Departments

MTDP3 Back to basics

- **Auditor General's Office**
 - Lack of resources
 - Increase level of out-sourcing to get audits up to date (will help with planning)
 - Recruitment policy to be reviewed
 - Enforce auditing and accounting standards
 - Conduct risk assessments on all major projects (internal due diligence)
- **ICAC**
 - Work in Progress

MTDP3 Back to basics

- **Ombudsman Commission**
 - Implement anti-corruption initiatives
 - Increase current resources (financial and human)
 - Improve capacity to investigate
- **Open Government Partnership**
 - Buy-in by GoPNG to OG Principles required
 - PNG has been a member since 2015
 - Zero commitments

MTDP3



Ladies and Gentlemen,
Thank you

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