

The New Ireland Social Pension

A review of the New Ireland Social Pension and implications for the Papua New Guinea National Social Pension

This Report reflects the work of a World Bank and Australian Department for Foreign Affairs and Trade team comprising: Jonathan Sibley (World Bank Consultant, principal author), Alex Ivaschenko (World Bank Team Leader), Kerry Pagau (World Bank Papua New Guinea) and Tom Tanhchareun (Department of Foreign Affairs and Trade) as part of the technical advice provided by the World Bank to the Papua New Guinea Department for Community Development



Australian Government
Department of Foreign Affairs and Trade



WORLD BANK GROUP

Abbreviations and Acronyms

ADB	Asian Development Bank
AusAID	Australian Aid (now DFAT)
DFAT	Australia Department for Foreign Affairs and Trade
DfCD	Papua New Guinea Department for Community Development
IHRO	International Human Rights Organisation
ILO	International Labour Organisation
K	Kina
NI	New Ireland
PFIP	Pacific Financial Inclusion Programme
UNCDF	United Nations Capital Development Fund
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNRISD	United Nations Research Institute for Social Development
WB	The World Bank
WFP	World Food Programme

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Executive Summary

Objective of the Report

This report commences the review and documentation of the New Ireland Old Age and Disability Social Pension. The report has been drafted following a visit to New Ireland Province between 21st and 25th of July by a team from the World Bank and the Australian Department for Foreign Affairs and Trade (DFAT), and subsequent meetings with the Department for Community Development and related agencies in Port Moresby¹.

The New Ireland Old Age and Disability Pension is a successful social protection initiative which has now been in operation in New Ireland Province for six years. This is a significant achievement. Significant credit is due to the Honorable Sir Julius Chan and the New Ireland Provincial Administration for initiating and supporting the development of social protection in Papua New Guinea.

The primary objective of the report has been to review the New Ireland Old Age and Disability Pension scheme. The review has focused on the design and operation of the scheme, including the payment modality, and the effectiveness of coverage of both the old age pension and disability components. The economic and social impact of the pension on recipients' wellbeing, the wellbeing of their households and their communities has not been reviewed in detail, although limited qualitative research through focus group discussions has been undertaken as part of the review.

The second objective of the report has been to draw key lessons from the New Ireland experience with the implementation of the social pension, which may inform the implementation of the national social pension. Within this context, the review has been undertaken having consideration for two contexts: the New Ireland social pension is a stand-alone social protection scheme, and secondly New Ireland as the potential pilot location for the proposed national age and disability social pension in Papua New Guinea. The design of the National Old Age and Disability Pension and related funding has not been reviewed.

Key Findings

1. Programme coverage

It is estimated approximately 84% of the population aged 60+ in New Ireland is currently receiving the old age pension. It is estimated approximately 17% of the disabled population in New Ireland is currently receiving the disability pension.

There appears to be gender bias in respect to enrolment in the old age and disability pensions.

Whilst 92% of eligible men appear to receive the old age pension, only 75% of eligible women appear to receive the pension. There is likely to be significant gender bias in enrolment in the disability pension. 62% of disability pension recipients are men and 32% are women. The UNESCAP review of disability in Asia and the Pacific (ESCAP 2012a, 2012b), suggests levels of disability are likely to be higher for women than men

¹ Refer Appendix Two for a list of interviews and meetings

2. Receipt of payments by beneficiaries

It appears nearly all beneficiaries enrolled in the Old Age and Disability Pension receive their payment, however receipt of payment is not presently audited. Constraints to payments being made appear to be primarily operational. These constraints resulted in no payment being made in 2012 and a double payment in 2012 and 2013 combined. The constraints also result in a single annual payment which is not in accordance with the operational guidelines.

3. The New Ireland Social Pension as a basis for the further development social protection in Papua New Guinea

The review concludes the New Ireland social pension scheme, with modifications, can provide a suitable basis for the old age component of the national social pension. However, the current age verification and disability assessment processes, the recurring annual (re)enrolment and payment process and the database limitations indicate the programme in its present form will require strengthening in order to ensure there is an appropriate platform for the further development of social protection in New Ireland and the piloting of a national social pension. .

The review concludes the New Ireland social pension scheme does not provide a basis for the roll-out of the disability component of the national social pension. The roll out of the old age component of the New Ireland programme has been more successful than the roll out of the disability component. This is not a criticism of the New Ireland government. Rather, it is a reflection of the significantly greater complexity in implementing a disability pension than a universal old age pension.

The review concludes it may be appropriate for the Department for Community Development to consider sequential roll out of the two components of the national social pension, with an initial focus on developing capability to roll out the age pension and the progressive development of capacity to develop and manage a disability pension.

4. Recommendations to Enhance the New Ireland Old Age and Disability Pension

The following table (Table 1) summarises the recommended enhancements to the New Ireland Old Age and Disability Pensions. Recommended enhancements span scheme design, the operation of the old age pension and the disability pension, the payment modality for both pensions and data management for the scheme. The objective of the enhancements is to both strengthen the New Ireland scheme as a stand-alone social protection initiative, and to better enable New Ireland to be used as the pilot location for the national social pension.

Table 1: Potential Enhancements to the Pension Programme

Element	Potential Enhancement area	Recommendations
Program design	Review the benefit amount	Index the social pension to the CPI
	Separate the old age and disability components into two programmes	<ul style="list-style-type: none"> Separate the social pension to two programmes Allow disabled people over the age of 60 to receive a higher pension
	Implement continuous enrolment	Implement enrolment on eligibility
Old Age Pension	Require documentary evidence of age	Shift from verification by the Ward Councilor to documentary evidence provided by the applicant
	Enhance linkage to Civil Registry	Establish operational relationships with the Provincial Civil Registry and Churches
	Undertake a baseline survey	Undertake a baseline survey to determine the economic and social impact of the old age pension
Disability Pension	Strengthen disability assessment capacity	<ul style="list-style-type: none"> Recruit an appropriately skilled disability officer Develop a plan to enhance disability assessment capacity in New Ireland Strengthen the definition of disability Develop a disability assessment protocol Develop training for Ward personnel involved in the assessment of disability
	Centrally review new enrolments to the disability pension	Review new enrolments to the disability pension to monitor eligibility assessment
	Undertake a survey of disability in New Ireland	Undertake a Provincially representative survey of disability in New Ireland
Payment modality	Transition from cash to electronic payment of benefits	<ul style="list-style-type: none"> Change policy to pay benefits electronically rather than at LLG level Work with mobile phone and financial services providers to implement electronic benefit payment
	Increase the payment frequency	Pay the pension monthly or quarterly
Data management	Recruit a data manager	<ul style="list-style-type: none"> Recruit a data manager If an expatriate data manager must be recruited, also recruit a PNG national in order to ensure capacity development
	Expand the data set	<ul style="list-style-type: none"> Implement a unique identifier for each beneficiary Develop a comprehensive application form Progressively reenroll beneficiaries
	Strengthen the database and related systems	<ul style="list-style-type: none"> Correct current database issues Review the database platform to align with the national pension architecture
	Audit receipt of payments	Implement a sample check of beneficiary payments as part of the New Ireland audit cycle

5. Implications of the New Ireland Experience for the National Social Pension

This report has been drafted prior to the finalisation of the strategy for the national social pension. The discussion regarding the implications of the findings for the roll-out of the national social pension is, therefore, preliminary. Key implications are summarised in Table 2.

Table 2: Implications of the New Ireland Experience for the National Social Pension

	New Ireland Experience/ National situation	Implication for the National Social Pension
Programme Design	<ul style="list-style-type: none"> - The New Ireland experience suggests it may be appropriate for the social pension to be separated into two programmes 	<ul style="list-style-type: none"> - It is recommended the approach suggested for New Ireland is adopted for the national programme - It is recommended a clear and workable definition of disability be developed, along with a national protocol for assessing disability
Eligibility Assessment and Verification	<ul style="list-style-type: none"> - Accurate age verification is required for the old age pension - Disability assessment requires specialist skill 	<ul style="list-style-type: none"> - Documented age verification should be the responsibility of the applicant, not the LLG or Ward. - The role of the Ward Recorder is not, in its present form, suitable for the determination of age - Disability will need to be assessed professionally.
Payment Modality	<ul style="list-style-type: none"> - Payment of the pension to beneficiaries must be delivered reliably and safely for both the payer (DfCD) and the payee (the beneficiary) 	<ul style="list-style-type: none"> - Payment in cash is not a viable option for the national scheme - It is recommended DfCD only pay the social pension electronically (directly or through an intermediary)
Capacity Development	<ul style="list-style-type: none"> - The New Ireland experience indicates that scheme parameters must be determined and adequate capacity developed in order to deliver the programme sustainably within parameters 	<ul style="list-style-type: none"> - It is recommended a Capacity Needs Assessment be undertaken for DfCD, both at the central level, at the Provincial Level and at the District/LLG/ Ward level.
Organisational Infrastructure	<ul style="list-style-type: none"> - The New Ireland programme has been developed with a small staffing and limited discrete infrastructure. - Going forward the New Ireland programme will require additional staffing and systems capacity. 	<ul style="list-style-type: none"> - A replicable and scalable organisational model and related infrastructure will be required. - Given the geographic and socio-cultural complexity in Papua New Guinea, it is considered the national social pension will not be able to be readily managed centrally and operational decentralization will be required. - It is recommended the social pension only commence in a Province if the organisational capacity to enroll beneficiaries,

		manage scheme operations and to effect payment is in place and has been tested.
Data Management	<ul style="list-style-type: none"> - Data management is fundamental to the success of the social pension. The New Ireland database cannot be used as the basis for a national programme - DfCD does not, at present, have a data management environment which can be used for the management of the national social pension - Robust and high capacity data networks are still being developed in Papua New Guinea 	<ul style="list-style-type: none"> - The information architecture required to support the social pension is developed as a matter of priority. - The data management architecture should be designed with the intention of migrating to a single database - A cadre of adequately trained and skilled staff, both at the central office and the Provincial offices will be critical.

6. Risks

The ADB review of social safety nets in Pacific Island countries noted: “Hastily implemented programmes seldom reach their intended target groups, incur excessive costs and have other unplanned results”. Two key risks have been identified:

Programme failure:

This can take two forms:

- **Failure to achieve coverage:** If the social pension is not implemented appropriately there is a significant risk of failing to achieve coverage.
- **Funding over-run:** Conversely there is a significant risk of cost over-run. This can occur in respect to operating costs if scheme operations are not established effectively. More significantly though there is a serious risk of substantial cost over-run if eligibility and verification are not managed carefully, in particular for the disability pension. It is considered there is a higher risk of program failure for the disability pension than the old age pension.

Multiple and incompatible processes and systems

Papua New Guinea is a diverse society, with a challenging geography. Failure to develop systems and processes which are able to manage effectively within this diverse and complex environment is likely to result in the emergence of multiple systems and processes, which may be incompatible, difficult to scale, and difficult to oversee centrally.

7. High-Level Road Map

The following high-level steps are recommended to implement the old age pension and disability pension. The discussion regarding the roll-out of the national social pension is preliminary pending the finalisation of the national social pension strategy.

The suggested high-level road map (refer Table 3) is based on the progressive implementation of the old age pension and the development of capacity to implement the disability pension, with the subsequent implementation of the disability pension. A time line has not been included at this time.

Table 3: Summary of the High-Level Road-Map to Roll-Out the National Social Pension

Activity	Key Task/ Recommendation
Programme design	Consider sequential rollout of the social pension commencing with the old age pension
Old age pension	Complete the design of the old age pension prior to undertaking detailed development of systems and processes
	Enhance the New Ireland Social Pension
	Finalise the budget and costings for the Old Age Pension
	Undertake a provincially representative base-line survey in New Ireland Province of the economic and social impact of the old age pension on recipients and their households, and the comparative situation of current (eligible) non-recipients
	Develop a provincial assessment model and determine the initial sequence of provinces for initial the programme roll-out
	Undertake a national capacity assessment of DfCD current national and provincial capacity to implement the national social pension in the initial set of Provinces
	Develop and implement the resource plan and operational architecture to implement the social pension in the initial provinces, allowing for progressive expansion
	Strengthen the Department for Community Development capacity to implement the social pension roll-out
	Document Policy, Standard Operating Procedures and related processes
	Develop database and systems
Additional activities to implement the Disability Pension	Develop a definition of disability relevant for Papua New Guinea and develop a protocol for disability assessment
	Undertake a baseline study of disability in Papua New Guinea
	Determine the budget and funding for the Old Age Pension

1. Introduction

This report commences the systematic review and documentation of the New Ireland Old Age and Disability Social Pension. The focus of the initial review has been the design and operation of the scheme, including the payment modality, and the effectiveness of coverage of both the age pension and disability components. The economic and social impact of the pension on recipients' wellbeing, the wellbeing of their households and their communities has not been reviewed in detail, even though some qualitative research through focus group discussion has been undertaken. This will require further research.

The report has been drafted following a visit to New Ireland Province between 21st and 25th of July by a team from the World Bank and the Australian Department for Foreign Affairs and Trade (DFAT), and subsequent meetings in Port Moresby. The purpose of the visit to New Ireland was to develop an understanding of the New Ireland social pension, in particular to determine whether the scheme can form the basis for the development of a national social pension. The purpose of the interviews in Port Moresby was to develop an understanding of current capacity to roll out a national social pension. The design of the national Old Age and Disability Pension and related funding has not been reviewed.

The objective of this report is to draw key lessons from the New Ireland experience with the implementation of the social pension, which can inform the implementation of the national social pension. Within this context, the review has been undertaken having consideration for two contexts: the New Ireland social pension is a stand-alone social protection scheme, and secondly New Ireland as the potential pilot location for the proposed national age and disability social pension in New Guinea. The report discusses the potential for the New Ireland social pension enrolment process, data management and operational systems and payment modality to be used as the basis for the piloting of the national scheme.

Data collection for the report was undertaken using a series of key informant interviews in New Ireland and Port Moresby and beneficiary focus groups in New Ireland², analysis of New Ireland beneficiary payments data, and a review of relevant documents.

The report is structured as Follows;

- Section 1: Introduction
- Section 2: Briefly discusses key social protection concepts to frame the review of the New Ireland Social Pension programme
- Section 3: Reviews the New Ireland Social Pension programme
- Section 4: Discusses potential enhancements to the New Ireland Social Pension programme
- Section 5: Discusses implications of the New Ireland experience for the development of a national social old age and disability pension

² Refer Appendix One for the list of key informant interviews and focus groups

2. Context: Social Protection and Social Safety Nets

2.1. Conceptualising Social Protection

Conceptualising Social Protection

The New Ireland Old Age and Disability Pension is a social protection programme. Social protection has become a key priority in development (UNDP, 2011). However, there is no universally accepted definition of social protection (Gentilini & Omamo, 2009). Nevertheless, an assessment of the effectiveness of a social protection initiative should be grounded in the conception of social protection underpinning (explicitly or implicitly) the scheme, in addition to specific scheme aims as specified from time to time.

One approach to the definition of social protection is to focus on the categorisation of interventions, for example:

“Protective programs that offer relief from economic and social deprivation, including alleviation of chronic and extreme poverty.... include humanitarian relief in emergencies, and targeted cash transfer schemes;

Preventive programs (*that*) are put in place before a shock (ex-ante) and are designed to avert deprivation or to mitigate the impact of an adverse shock, and include mechanisms such as health and unemployment insurance and non-contributory pension schemes;

Promotive programs (*that*) enhance assets, human capital and income earning capacity among the poor and marginalized, such as skills training and active labor market programs;

Transformative interventions (*such as*) those aimed at addressing power imbalances that create or sustain economic inequality and social exclusion, and include legal and judicial reform, budgetary analysis and reform”. (Blank & Handa, 2008)

Another approach is to use a multi-faceted definition, for example:

“Social protection is defined as the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people’s exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income”
(Fualautoalasi-Walter & ADB., 2012)

“...the set of public actions aimed at tackling poverty, vulnerability and social exclusion, as well as providing people with the means to cope with major risks they may face throughout life.” (Kidd, 2012)

A third approach, which has been adopted for this report, is to focus on the conceptual framework rather than programme activity or objectives. Brunori and O’Reilly, in a recent review of definitions

of social protection for the 2010 European Report on Development (Brunori & O'Reilly, 2010), identified three frameworks within which social protection is commonly conceptualised. The frameworks are not mutually exclusive; rather they imply a primary focus for social protection initiatives:

1. Human Rights: This approach was pioneered by the International Labour Organisation³ and conceptualises social protection within the context of the development of social rights such as equality, inclusion and non-discrimination
2. Risk Management (Social Risk Management): This approach was developed by the World Bank (Pritchett, 2005) and conceptualises social protection as a response to unstable scenarios in respect to poverty alleviation, which allows vulnerable households to invest and accumulate assets, and, consequently, to escape poverty
3. Pro-Poor Economic Growth: This approach conceptualizes social protection as an efficient means of stimulating pro-poor economic growth (OECD, 2009)

Implications for the New Ireland Old Age and Disability Pension Programme

The Old Aged and Disabled Pension Program programme is part of a set of policy initiatives in the Health section of the *Malagan Declaration Forward*. The section states: "We will ensure the right of every New Irelander to have a healthy life by continuing the Old Aged and Disabled Pension Program..."

The Old Age and Disabled Policy Implementation Guidelines (2010) state the framework for the social protection initiative is Article 25 of the *Universal Declaration of Human Rights*. The objective of the programme is stated as assisting the elderly and disabled to meet their basic needs (2010, p5). Within this context, the program is universal in scope, and is neither means-tested nor targeted.

The appropriate conceptual framework within which to assess the effectiveness of the social pension programme is as a Human Rights initiative.

The programme has been rolled out across New Ireland and has been in continuous operation for several years. Population coverage is therefore important: do the beneficiaries covered by the scheme represent the population intended to be covered by the programme. Is there equal, non-discriminatory access to the programme, and to what extent has universal coverage been achieved.

2.2. Social Safety Nets

The New Ireland Old Age and Disability Pension is a social safety net. Social safety nets are non-contributory transfers (both cash and non-cash) targeted to the poor and vulnerable⁴ and are increasingly being recognized as effective tools to reach out to the most vulnerable⁵. Social safety net programs can be categorised into

³ Convention n. 102/1952 of the International Labour Organisation: Social Security (Minimum Standards) Convention

http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::p12100_instrument_id:312247

⁴ <http://www.worldbank.org/en/topic/safetynets/overview>

⁵

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALPROTECTION/EXTSAFETYNETSANDTRANSFER>

formal and informal safety nets. Formal safety nets are provided by the State and legally guarantee individuals access to economic or social support whereas informal safety nets (typically provided through social networks), provide the likelihood of support to individuals to assure them of attaining or remaining above the designated minimum standard of living but with no guarantee (Paitoonponga, Abeb, & Puopongsakorna, 2008).

The New Ireland Old Age and Disability Pension is a formal social safety net providing a cash transfer. Determining whether recipients actually receive cash payments made by the New Ireland government is therefore important.

An appropriate indicator of effectiveness is whether payment policy has been implemented as approved (even though there may not be a statutory obligation to effect the payment).

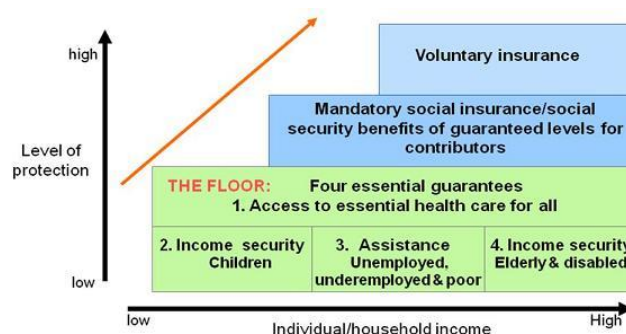
2.3. The Social Protection Floor and Staircase

The objective of a social protection floor is to provide a base for the implementation of programmes which have *inter alia* a wider scope and services as the New Ireland economy progressively develops. The ILO has proposed a two-dimensional model (refer Figure 1) for the development of a social protection regime: a social protection 'staircase' (ILO, 2010b, 2011) comprising two axes:

- A Social Protection Floor (horizontal coverage), providing access to essential health care for all, income security for children, assistance to the unemployed, underemployed and poor, and income security for the elderly and disabled.
- Building on the first floor (vertical coverage), providing more extensive and comprehensive social protection coverage.

The model seeks to take into account national constraints whilst promoting a basic universal level of social protection at a reasonable cost, even in resource constrained circumstances (Harris, 2013).

Figure 1: ILO Social Protection Staircase⁶



The New Ireland Old Age and Disability Pension is a floor-level social protection initiative and is one of two programmes implemented by the New Ireland government which seek to provide basic

⁶ ILO(2010a, p. 20)

guarantees for elderly and disabled New Ireland residents⁷. Within the wider context of the further development of social protection in New Ireland and in Papua New Guinea generally, a key question to be addressed is whether the New Ireland programme provides a basis, and within the context of the scope of this report, an operational basis, for the further development of social protection in New Ireland and Papua New Guinea.

⁷ The second programme providing a social protection floor social protection is a series of initiatives to improve health care across New Ireland (refer 'Malagan Declaration Forward')

3. The New Ireland Social Pension Programme

3.1. Social Protection in Pacific Island Countries

Social protection in most Pacific Island countries is typically informal and reliant on ‘traditional safety nets’ embedded in extended land-based, cooperative kinship or clan-based communities (Ellis, 2012; Ratuva, 2005).

The widely held view that traditional Pacific Island community traditional safety nets work well and should not be disturbed, does not appear to be sustainable in the face of rising poverty levels and social change. As Ellis (2012) notes, traditional safety nets are based on ‘spare capacity’; the majority of clan members must contribute in order for redistribution to be effective. Migration, urbanisation and remittances affect traditional safety nets. In addition, the effectiveness of traditional safety nets can be uneven. Traditional systems seem to be more effective at addressing shocks that affect individual households (for example funeral expenses) and less effective at responding to extensive poverty or widespread shocks (Kidd, Samson, Ellis, Freeland, & Wyler, 2010).

There appear to be an increasing number of vulnerable groups who may not be adequately covered by traditional social safety nets (Kidd, et al., 2010). Traditional networks are being subjected to increasing strain and are poorly suited to the widespread hardship faced by communities across the Pacific region (ADB, 2010). Churches, NGO’s and community groups in most Pacific Island countries provide some welfare services, but their coverage is limited and uneven (ADB, 2010). The need to augment traditional safety nets with formal social protection systems is being increasingly accepted by Pacific Island countries.

Currently, the main social protection instrument in Pacific Island countries is the contributory national provident fund which usually only benefits workers in the formal sector (ADB, 2010). New Ireland is at the forefront of the development of social protection in the Pacific.

The New Ireland Old Age Pension is one of a several non-contributory old age pension schemes in Pacific, the other countries being the Cook Islands, Nauru, Niue, Samoa, Kiribati and Fiji⁸ (Kidd, et al., 2010).

New Ireland has implemented one of the few non-contributory disability schemes in the Pacific. Disability schemes have also been implemented in two Pacific countries: the Cook Islands and Nauru (Kidd, et al., 2010). Fiji previously included disability categories as part of the Family Assistance Programme. However the categories were general and tended to be used as a basis for providing a benefit to poor households, rather than as a means of providing disability or chronic illness support. When the Family Assistance Programme was restructured as a poverty benefit, categorisation was abolished. The government of Fiji is currently considering options for potential disability pension

⁸ Currently being introduced

3.2. New Ireland Old Age and Disability Pension

a) Background

The New Ireland Old Age and Disability Pension was initiated by Sir Julius Chan when he was re-elected New Ireland Governor in 2007 (Manase, 2014). This is a significant achievement. Significant credit is due to the Honorable Sir Julius Chan and the New Ireland Provincial Administration for initiating and supporting the development of social protection in Papua New Guinea.

The programme was developed by the New Ireland government with no external assistance: “We started implementing the programme from nowhere, not knowing what to do; we rolled out the program through trial and error” (Lapauve, 2014). The programme has now been in continuous operation since 2009.

b) Programme Design

The Old Age and Disability Pension is a universal, categorical social safety net which provides income support for old age and disabled New Ireland residents who have lived in the Province for at least ten years. Entitlement to the benefit is not means tested and is not conditional on welfare status. The programme provides partial floor-level income support and is not intended to provide a transfer sufficient to cover all living expenses for the beneficiary or dependents. The percentage of beneficiary or household expenses typically covered by the programme is not known.

The programme is a single scheme with a single annual payment of K360 (K30 per month⁹). The Implementation Guidelines state the pension is to be paid in two tranches of K180: before 15 May and before 15 November each year. However, due to operational constraints the pension is currently paid once annually in cash (in the amount of K360). Individual payment envelopes are prepared by the Provincial Government in Kavieng and are delivered to beneficiaries through the LLG and Ward structure.

c) Eligibility

The programme operates as a single pension, with two categories of eligibility.

i. Old Age Pension

“Any man or woman who is 60 years and above during the time of the payment” is eligible to participate in the programme (New Ireland Provincial Government, 2010).

Eligibility is not evidentiary, but is determined by the Ward Councillor and the Chairman of the Village Planning Committee. Determination is by discussion, typically using key dates. Applicants

⁹ Apx. US\$ 17per month

are not required to provide documentary evidence of date of birth. Most elderly New Ireland residents would not be able to provide a birth certificate.

ii. Disability Pension

All disabled New Ireland residents are eligible for the disability pension. There is no minimum or maximum age. Assessment of disability is undertaken by the Ward Councillor and the Chairman of the Village Planning Committee, using the Old Age and Disabled Policy Implementation Guidelines.

The Guidelines define disability as “an illness, injury or condition that makes it difficult for a person to do things that other people do. This includes disabilities caused by accidents and amputees”. (New Ireland Provincial Government, 2010). Several examples of types of disability are provided in the Guidelines, these are intended to be illustrative. There is no eligibility assessment form¹⁰ and currently no training is provided to Ward Councillors or Village Planning Committees on disability assessment. There is, therefore, significant scope for individual interpretation and application.

3.3. Programme Operations

a) Operations

The programme has been developed with minimal resources. The New Ireland Government has adopted a continuous learning approach to the management of the scheme and has adapted systems and processes progressively over the past six years. In particular, greater focus has been placed on verifying eligibility for the old age pension. During the first year in which the benefit was paid beneficiaries self-selected. As a consequence a benefit was paid to 16,776 recipients. The eligibility process was reviewed in 2010 and the number of benefits paid was reduced by 42% to 9,738. The New Ireland political and administrative structure is used for the determination of eligibility and the distribution of the social pension. New Ireland has 9 LLGs and 138 Wards, with an average of 2-5 villages per Ward. Each village has a Village Planning Committee (VPC)¹¹. All LLGs, Wards and VPCs participate in the operation of the programme.

The New Ireland government currently has three full time staff dedicated to management of the programme. In addition LLG, Ward and Village personnel are involved in eligibility assessment and benefit distribution. The record of beneficiaries is held on a central database which was developed by a volunteer. There is no full-time IT support. Subsequent to the departure of the volunteer an issue has emerged with the database. As a consequence the database cannot be interrogated and no new beneficiaries can be added. The 2014 pension payment is being undertaken manually.

b) Processes

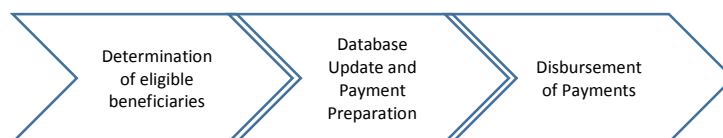
The programme uses a repeating annual, rather than a continuous process. Beneficiaries are currently re-enrolled in the scheme annually (refer Figure 2). The process used to manage the pension programme has three components. In general terms during the first quarter of the year the Ward records are updated. During the second quarter the database is updated and payments are

¹⁰ The DfCD Office of Disability does have a comprehensive disability assessment form

¹¹ Discussion with Dr Bruce Harris, Advisor to Sir Julius Chan, New Ireland Governor

prepared. During the third quarter payments are disbursed and acquitted by the Ward Councillor¹². If the New Ireland government does not have adequate funds, payments are not made.

Figure 2: New Ireland Social Pension Process



The current process is manual and labour intensive, and requires significant time and labour commitment by the New Ireland Administration, Ward Councillors and village leaders. The principal driver of the current process is annual beneficiary re-certification by Ward Councillors and village leaders, and the subsequent manual payment. If beneficiaries were certified using age verification documentation provided by the beneficiary (for example a birth certificate or baptism certificate), annual re-certification would not be required. If electronic payment was used to disburse funds manual payment would no longer be required. Beneficiaries could then apply to join the scheme on reaching the age of eligibility and could then remain in the scheme until death.

i. Determination of Eligible Beneficiaries

The annual process commences with Ward Councilors, in conjunction with the Village Planning Committees and Ward Recorders, preparing a list of residents who are 60 years or older, or who are disabled. The previous year's list is used as a basis for the new listing. In order to capture data for new beneficiaries, the Provincial Administration provides an information form to Ward Councilors which is completed when the beneficiary first commences receipt of the pension. Data on the form is used to create the database record. Verification of eligibility is undertaken at the Ward level, in conjunction with the Chairman of Village Planning Committee. The determination of beneficiaries who have died is also undertaken at the Ward level. Each of the 138 Wards completes the listing each year.

The list of potential beneficiaries prepared by Ward Councilors is forwarded to the LLG for review and on-forwarding to the Provincial Administration.

ii. Database Update and Payment Preparation

Following receipt of the updated Ward lists, the Provincial Administration updates the database of recipients and calculates the funding required. The Provincial Treasury is advised of the funding requirement. Funds are paid into a trust account.

Following the receipt of funds the Provincial Administration prepares a payment envelope for each beneficiary and updates the database. Payment sheets are also prepared for each Ward and village.

iii. Disbursement of Payments

The payment envelopes and payment sheets are progressively distributed, using a security escort to LLGs and then on-delivered to Ward Councilors, who then distribute to beneficiaries. The beneficiary must be present in the village on the day the pension is disbursed. For security reasons

¹² Discussion with New Ireland Community Development Manager responsible for disbursement of Pension funds to beneficiaries

villages are not advised in advance of the day the team will be visiting the village to distribute the pension envelopes.

Signatures are obtained from beneficiaries when the pension envelope is collected. A review of payment records indicates, however, the beneficiary does not always sign on their own behalf. There appear to be instances of a third-party signing on behalf of the beneficiary. Concerns were raised by the New Ireland Administration in respect to payments collected by beneficiary representatives, as there is evidence of instances where LLG and Ward Officers disbursing the payments have been signing off payments on behalf of beneficiaries.

c) Issues identified by New Ireland Administration

The Provincial Administration has identified two significant issues with the current process¹³:

i. Data management

The collection of information and annual updating is manual. Updated information is entered into a database. However, the database is not accessible in the field. In addition, the Provincial Administration does not have a full time resource to manage the database and develop the information architecture. Issues with the database resulted in no payments being made in 2012 due to the need to access database entries and cross-check double entries. A double payment was made in 2013 for 2012/ 2013. In addition, due to current issues with the database, the 2014 payment sheets are being processed manually.

ii. Monitoring and Accountabilities

The process of collecting and recording information and distributing and accounting for pension payments involves multiple parties. This creates complexity in respect to program monitoring and the management of accountabilities for payments to beneficiaries and data. Within this context, handing large amounts of cash in the field also creates complexity (and expense) due to the need to ensure security and to acquit for funds and return of funds not disbursed to the Provincial Administration.

3.4. Programme Coverage¹⁴

As at the 2011 Census, the New Ireland population was 194,067¹⁵. The New Ireland Pension had 8,362 beneficiaries in 2013 (refer Figure 3), which equates to 4.3% of the Provincial population¹⁶.

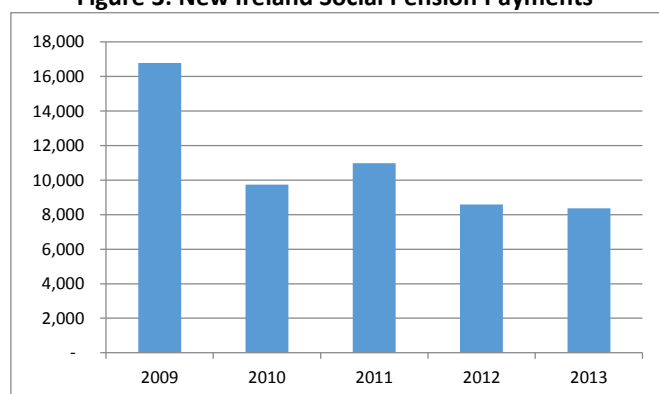
¹³ Presentation by Bill Peruan to PNG Social Protection Technical Assistance Mission

¹⁴ Refer Appendix One for an overview of the model used for the analysis

¹⁵ <http://pacificinstitute.anu.edu.au/outrigger/2012/07/03/pngs-population-predictions-compare-2011-census/>; <http://www.geohive.com/cntry/papuang.aspx>;

¹⁶ Likely population increases in each of the 2 years since the 2011 Census have not been calculated

Figure 3: New Ireland Social Pension Payments¹⁷



a) Beneficiary Characteristics

i. Age Distribution of Pension Recipients

The average beneficiary age for old age pension recipients is 70 years and the modal age is 64 years. If the age of eligibility for current New Ireland recipients is raised to 65 years, it is likely up to 66% of New Ireland old age pension beneficiaries would no longer be eligible. The age distribution of old age pension recipients is similar for female and male recipients¹⁸.

Approximately 10% of disability recipients would also qualify for the Old Age Pension. The percentage of current old age pension recipients who are disabled is not known. The mean age of disability recipients for whom age was recorded was 36 years¹⁹. The age distribution was very broad.

b) Programme Coverage

i. Old Age and Disabled Population²⁰

Approximately 4.6% of the Papua New Guinea population is aged 60 years and older²¹. The level of disability in Papua New Guinea is not known. Estimates of disability in proximate countries suggest the level of disability could range between 2.9% and 12%. To a significant extent levels of disability are a function of the definition of disability used. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) has reviewed disability in the Pacific Region (ESCAP, 2012a, 2012b). Estimated levels of disability are shown in Table 4.

¹⁷ Presentation by Bill Peruan to PNG Social Protection Technical Assistance Mission

¹⁸ Refer Appendix One for the age distribution. 15% of old age beneficiaries have a recorded age <60. These records were excluded from analysis of age.

¹⁹ Analysis of the age distribution of disability pension recipients is indicative as age was not recorded for 73% of recipients.

²⁰ The estimate of programme coverage assumes the age distribution for the New Ireland population is similar to the distribution for PNG generally

²¹ The World Bank (2013) Key Considerations for Provision of Social Pension in PNG: Policy Brief, June 20 2013.

Table 4: Levels of Disability in Pacific Region Countries

Region	Country	Country %	Region %
Australasia	Australia	18.5	17.6
	New Zealand	16.6	
Melanesia	Vanuatu	12.0	5.6
	New Caledonia	2.9	
	Solomon Islands	2.9	
	Timor Leste	4.6	
Polynesia	Fiji	1.4	1.8
	Tonga	2.8	
	Samoa	1.2	
	Tuvalu	1.9	
	Cook Islands	1.7	
	Nauru	1.5	
Micronesia	Kiribati	4.1	4.1

The average estimated level of disability for Melanesian countries is inflated by the Vanuatu estimate. The reason for the significant difference in the level of disability between Vanuatu and the other Melanesian countries is not known, but is considered likely to be due to definitional differences. Importantly, estimating the level of disability is complex and the percentage of the population estimated to be living with disability does not necessarily reflect the percentage of the population for whom formal financial support for disability is provided. As an example, it is estimated 16.6% of the New Zealand population is living with disability. However, approximately 1.5% of the population receives a disability benefit payment²². These recipients comprise 25% of those receiving support for disability (usually paid as an allowance incremental to another transfer payment). Therefore 5% of the population receives formal financial support for disability. However, 50% of those receiving support are over 65 years of age. Allowing for the different population age structure between New Zealand and Papua New Guinea, an estimate of 3.5% of the population likely to be eligible for disability support is considered a reasonable basis to use to calculate coverage. In addition, if Vanuatu is excluded from the Melanesian estimate, the average is 3.5%.

A level of 3.5% has been used for the disability coverage estimate.

ii. Coverage

It is estimated approximately 84% of the population aged 60+ in New Ireland is currently receiving the old age pension²³. It is estimated approximately 17% of the disabled population likely to be covered by a disability benefit is currently receiving the disability pension²⁴.

²² <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/statistical-report/statistical-report-2008/supplementary-benefits/disability-allowance.html>

²³ If age has been misreported for the 15% of the old age beneficiary recipients for whom an age of <60 was recorded, the coverage estimate will rise to 94%

²⁴ If benefit type has been misreported for the 15% of the old age beneficiary recipients for whom an age of <60 was recorded, the coverage estimate will rise to 32%

iii. Gender Bias and Exclusion

There appears to be gender bias in respect to enrolment in the old age pension. Whilst 92% of eligible men appear to receive the old age pension, only 75% of eligible women appear to receive the pension.

There is likely to be significant gender bias in enrolment in the disability pension. The gender balance for disability in New Ireland is not known. Currently 62% of disability pension recipients are men and 32% are women. The UNESCAP review of disability in Asia and the Pacific (ESCAP 2012a, 2012b), suggests levels of disability are likely to be higher for women than men.

c) Receipt of the pension by beneficiaries²⁵

Receipt of the pension by beneficiaries is not audited. Available data indicates nearly all beneficiaries receive their pension. Constraints to payment of the pension are primarily operational. These constraints resulted in no payment being made in 2012 and a double payment in 2013.

The New Ireland Provincial Administration advised in 2012/ 2013, 875 envelopes were returned, indicating the beneficiary had not received payment²⁶. This indicates a low level of non-receipt of the pension. Analysis of the beneficiary database suggests that, with the exception of Murat LLG²⁷, 2% of old age beneficiaries and 5% of disabled beneficiaries did not receive their pension in 2012-2013,

Beneficiaries do not currently receive the pension in accordance with policy. A single payment is made due to the administrative complexity in determining eligible beneficiaries, preparing payments and then distributing payments to villages.

d) Potential Old Age and Disability Pension Commitment

Full coverage at K30pm for both the old age and disability pension may require an increase in funding of apx. K2.6m - an increase of approximately 85% over the current funding level). The potential annual funding commitment has been estimated using the old age and disability estimates (assuming eligibility for the old age pension remains at 60 years). As shown in Table 5, two payment scenarios have been estimated: K30pm and K60 pm²⁸.

²⁵ Database records for the complete years 2012 and 2013 were used as these are the most complete records.

²⁶ It is not clear whether 2012 and 2013 payments were combined in the same envelope.

²⁷ High levels of non-receipt were recorded for Murat LLG (>50%). The reason for level of apparent non-receipt has been raised with the New Ireland Administration

²⁸ Scenarios used for the estimation of the funding requirement for the National Social Pension

Table 5: Potential Annual Pension Payment

	Category	Beneficiaries	K30pm	K60pm
2013	Both	8,362	\$3,010,320	\$6,020,640
Potential	Old Age	8,927	\$3,213,720	\$6,427,440
	Disability	6,792	\$2,445,120	\$4,890,240
	Total	15,719	\$5,658,840	\$11,317,680

It is estimated the population aged 60+ in Melanesian countries will rise to 7.2% by 2025 (Hayes, 2009). This would result in an increase in funding for the old age pension to approximately K5m (assuming the benefit amount is constant).

The current definition of disability used in New Ireland allows wide latitude in interpretation. In addition there is no protocol for the assessment of disability. There is therefore potential for a significant increase in the number of disability pension recipients. If the number of recipients of the disability pension was increased to estimated disability level in Vanuatu the number of beneficiaries could rise to approximately 23,000. This would result in an annual funding commitment of K8.28m. Whilst this scenario is unlikely, the current definition and assessment protocol allow for very wide interpretation of disability.

3.5. Beneficiary Perspective of the Social Pension

Several focus groups²⁹ were held with beneficiaries in villages proximate to Keviang. The objective of the focus groups was to develop an initial understanding of beneficiaries' perspectives of the old age pension and the disability pension. Key findings from the focus groups are summarised below.

1. Eligibility for the social pension

Age Verification

Focus group participants did not have birth certificates. Most participants estimated their date of birth. However, most participants stated they had a baptism certificate. There was no consistent method by which participants determined their age. Several participants stated they knew their age because their name was written in the Ward Record. Other participants related their age to a significant event. The Ward Councilor at one of the villages stated that, if she doubted the age of the applicant she 'eliminated them' from the list.

Village records do not appear to be a reliable source of date of birth (or death). The Ward Councilor advised the record book in one of the villages visited had been lost. In another village, the record book was held at another location and could not be viewed.

Determination of Disability

Whilst focus group participants' understanding of old age was consistent (even though the determination of age may vary), understanding of the concept of disability was more nebulous. Participants were asked to describe their understanding of disability and how disability can be assessed. The Ward Councilor in one focus group defined disability as 'people who are unable to work for themselves'. This is similar to the definition in the Old Age and Disabled Policy Implementation Guidelines. The Ward Councilor also noted there was no formal process for determining disability and that she sat with villagers and discussed with them whether there were households with members who may be disabled. The (understandable) difficulty Ward Councilors and villagers had conceptualising, defining and assessing disability is likely to be a primary factor in the limited enrolment of disabled villagers in the pension programme.

In one village several focus group participants stated there were members of the village who were disabled but who were not receiving the pension. Participants in one focus group stated they knew of people who had pretended to be disabled in order to receive the pension.

2. How beneficiaries learned about the social pension

Focus group participants stated they learned about the pension through a variety of channels. However, the most common method by which beneficiaries learned about the social pension was by communication from the Ward Councilor. Some beneficiaries learned about the pension via the radio. Interestingly, several focus group participants who were aware of the pension programme went to see the ward Councilor or Chairman of the Village Planning Committee to enroll in the programme. These participants also stated they had estimated their date of birth.

²⁹ Refer Appendix Three for an overview of the focus groups.

3. Contribution of the social pension to well-being

Most participants stated they did not use the funds solely for their own well-being, but as a contribution to the well-being of the household. Most participants stated they had been in receipt of the pension for 2 – 4 years and stated the pension was ‘helpful to old people’. Funds were typically used to provide food, medicine, and clothing and to pay for school fees for the grand-children. Several women in one of the focus groups stated they used the payment to purchase goods for sale at their trade-store. A number of participants who had bank accounts stated they saved some (typically between a third and a half) of the pension payment in their bank account. Participants who did not have bank accounts stated they saved part of the pension at home. Overall, however, participants stated the benefit funds only lasted two-four weeks (men in one village stated the pension lasted about two months).

Focus group participants were consistent in noting the pension made a positive contribution to their well-being and the well-being of their household, in particular contributing to basic needs (food) and ensuring children in the household were able to receive an education (school fees). The reported use of the benefit to support the household (in particular grandchildren’s education) is consistent with findings in other countries that universal old-age pensions, in addition to supporting the beneficiary and reducing poverty, also resulted in better care and support for young children in recipient households (ADB, 2010, p. 15)

The duration of the contribution to wellbeing is currently brief due to the single annual payment.

The focus groups did not explore the contribution of the pension to the wider community or to social networks. Also, the focus groups did not explore the use of the pension by sole occupant households. A follow up interview was held with a male old age pension recipient who is no longer working. The recipient had previously cut copra to earn income. He now lives alone, his children having moved away. The children occasionally send money to him. He stated the pension met his needs and provided medicine, food and clothing.

4. Issues encountered by beneficiaries

Participants stated they were not aware of any instances in which they had not received a pension payment due to the funds going missing between the Provincial Government Office in Kavieng and their village.

Participants frequently stated that the inconsistency of the timing of the payment was an issue, or they missed the payment because they were not home. The date of the payment not being known in advance was also an issue as beneficiaries needed to be in the village in order to receive the payment. Several focus group participants stated either they had not received funds, or they knew of pensioners who had not received funds due to their not being present in the village on the day the team came to the village to distribute the pension payment.

5. Potential enhancements to the pension programme suggested by beneficiaries

Focus group participants were asked ways they considered the social pension could be improved. A range of suggested improvements was offered. However, four improvements were suggested by multiple focus groups:

Increase pension payment frequency: Most beneficiaries stated they would prefer to receive their pension at least quarterly

Pay the pension to a bank account: Beneficiaries in the two villages which had access to banking services stated that the payment of the benefit to a bank account would be preferable.

Separate the pension to two programmes: Several participants stated they considered the programme should be split into two programmes: an old age programme and a disability programme, and elderly villagers who were also disabled should be able to receive a larger payment. Participants in two villages noted that disabled villagers who were supporting a family should be able to receive a larger payment.

Increase the pension payment level with inflation: All participants noted the amount of the payment was low, particular given the increasing price of goods in stores.

4. Potential Enhancements to New Ireland Old Age and Disability Pension Programme

The development and continuous operation of the programme by the New Ireland Provincial Administration is a significant achievement, in particular as this has been undertaken with limited resources and no external assistance.

Findings from the operational review, coverage review and beneficiary perspective indicate the social pension programme will require strengthening to ensure there is an appropriate platform for the further development of social protection in New Ireland and the piloting of the national social pension.

The following enhancements to the Old Age and Disability Pension programme are recommended in order to strengthen the programme in New Ireland and to enable the New Ireland Provincial Administration to pilot the national social pension³⁰.

It is recommended five elements of the programme are strengthened:

1. Design of the program,
2. The old age pension eligibility verification and registration processes
3. The disability pension assessment and enrollment processes
4. The payment modality
5. Data management.

The New Ireland Provincial Administration is currently exploring several of the suggested enhancements.

4.1. Programme Design

1. Review the benefit amount

When the social pension was initiated in 2009 the benefit amount was set at K30pm (approximately K1 per day³¹). Since inception the inflation rate in Papua New Guinea has varied between 6.9%pa (2009) and 3.8%pa (2013)³². The benefit amount has, however remained constant. The value of the pension has therefore diminished in real terms.

Recommendation: Index the social pension to the CPI to ensure benefit value remains constant over time.

2. Separate the old age and disability pension into two programmes

The Old Age and Disability Pension a single programme, with two benefit categories: old age and disability. The management of an old age pension is considerably more straightforward (and also less expensive) than the management of a disability pension. Specialist skill is required to determine

³⁰ The set of recommended enhancements should not be regarded as a being in any way a criticism of the New Ireland Provincial Administration

³¹ Discussion with Dr Bruce Harris

³² [http://www.indexmundi.com/papua_new_guinea/inflation_rate_\(consumer_prices\).html](http://www.indexmundi.com/papua_new_guinea/inflation_rate_(consumer_prices).html)

and assess disability. This skill typically requires formal training. By contrast the verification of age is straightforward and does not require specialist expertise.

In addition, because disability can occur at any age and can range in severity, it may not be appropriate for there to be a nexus between the amount of the benefit paid to old age recipients and the benefit paid to disabled recipients. In addition, it may be appropriate to consider a range of benefit levels for disabled recipients, depending on *inter alia* the level of disability.

As discussed in section 3.4, there is evidence a number of elderly beneficiaries are disabled (even allowing for the current difficulty in assessing disability). Focus group participants raised the issue of an elderly pension recipient who was also disabled, requiring greater assistance. It may be appropriate to consider enabling old age pensioners who are also disabled, to receive a disability pension payment.

The relative simplicity of enrolling old age beneficiaries is likely to be one of the key reasons the old age component of the programme has been more successful than the disability component. This is not surprising given the limited resources currently available to identify and assess disability.

Recommendations:

- **Separate the social pension into two separate programmes: An old age pension and a disability pension**
- **Allow disabled people over the age of 60 years to receive either a higher pension or both the old age and disability pensions.**

3. Implement continuous enrolment

Electronic payment, combined with documentary verification of age provided by the beneficiary, will enable a shift from the current annual recurring process to a continuous enrolment process.

Continuous enrolment will enable beneficiaries to receive their payment on eligibility, rather than having to wait for the update cycle. Continuous enrolment can be implemented by the beneficiary going to the Provincial Administration offices, or through the Ward Councilor.

Recommendation: Implement continuous enrolment following the re-development of the database and the migration to electronic payment and introduction of document based eligibility verification.

4.2. Old Age Pension Eligibility Verification and Registration

Approximately 15% of old age pensioners (and 73% of disability pensioners) do not have age recorded in the database. When this is combined with the 15% of old age pensioners for whom it appears age has not been recorded incorrectly, or who are incorrectly classified, it is evident there are high levels of error in the database. This is likely to be due to inadequate beneficiary documentation, enrolment error or input error.

1. Require documentary evidence of age

Currently age verification for the old age pension does not require documentary evidence. Initially self-verification was used. However this resulted in over-enrolment of old age beneficiaries. The verification process was subsequently changed to verification by the Ward Councilor and village

leaders. The most common age verification used by Ward Councilors is agreement with the beneficiary. This process is both time consuming and places the burden of age verification on the Ward Councilor, rather than on the applicant.

Ward Records are unreliable. Birth certificates are currently unavailable for most elderly New Ireland residents (it appears only 10% of births are currently registered with the Civil Registry)³³.

Documentary evidence is, however, available. Birth certificates will become available as the Civil Registry project progresses³⁴. In addition the National ID will have date of birth recorded³⁵. Hospital birth records are available for residents born in hospital. In addition, the vast majority of New Ireland residents are baptized and baptism records are available (albeit currently in paper form)³⁶.

Recommendation: Shift from verification of age by the Ward Councilor to documentary evidence of age provided by the applicant for the old age pension. Agreement with the churches will be required to enable baptism records to be provided. A communication and education programme will be required to assist applicants. Acceptable documentary evidence can include: Birth Certificate, National ID card, hospital birth records, baptism certificate. As a last resort community verification can be used (with reference to significant events etc.).

2. Enhance linkage to Civil Registry and Church Records

Reliable verification of age, and verification of death is fundamental to a sustainable old age pension programme to ensure only eligible beneficiaries enroll in the programme and cease to receive a pension on death. Present processes require strengthening. In the short term government documentary evidence of age and/ or death may not be available. These will be available in the medium to longer term. However Church based evidence of age and (in most cases) death does appear to be available. Church records may also be able to be used in the short term to provide evidence of death.

In order to facilitate a shift from age verification by the Ward Councilor to applicant provided documentary evidence of age, closer operational relationships will be required with the Civil Registry Office and Churches. The Civil Registry is currently being decentralized and Registry Offices are being established in each Province. The target date for completion of the rollout is March 2015³¹. Each Office will be able to issue birth certificates. In addition to the establishment of Provincial Registry Offices, the Civil Registry is seeking to strengthen the role of the Ward Recorder. The Ward Recorder role is currently unpaid and is appointed by the Ward Councilor (a political appointment³⁷). The Civil registrar is seeking to implement paid Ward Registrars, reporting to the Provincial Registrar, with Ward records audited periodically. The Ward registrar will record births, deaths and marriages in the Ward.

Recommendation: Establish operational relationships established with the Provincial Civil Registry (once established) and Churches in New Ireland in order to develop processes for applicants for the old age pension to obtain documentary evidence of age. In the short term the Ward Councilor

³³ Discussion with Civil Registrar

³⁴ Discussion Civil Registrar

³⁵ Discussion with National Statistician

³⁶ This was confirmed by discussion with the United Church and examination of records at the Catholic Church in Kavieng

³⁷ Discussion with Rufina Peter Department for Provincial and Local Level Government

may need to continue to be responsible for the determination of death. To reduce the impost of Ward Councilors, it may be appropriate to sample check pensioners 65 years and older each year.

3. Undertake a baseline survey

Whilst the primary objective in establishing the old age pension is human rights based, the New Ireland Provincial Administration also has the objective of assisting elderly New Ireland residents to meet their basic needs. At this time the economic and social impact of the social pension on the well-being of pensioners, their households or their communities is not fully known. In addition to providing (albeit *ex post*) information in respect to the impact of the current old age pension, the baseline survey will form a basis for subsequent programme monitoring and evaluation, and will also be able to be used nationally as the old age pension is rolled out across Papua New Guinea.

Recommendation: Conduct a base-line survey³⁸ to develop an understanding of the welfare and social impact of the old age pension on beneficiaries, their households and their communities.

The University of Queensland has been commissioned by DFAT to undertake a study to explore relational aspects of vulnerability and access to cash transfers for social protection in New Ireland³⁹.

4.3. Disability Pension

1. Strengthen the capacity for disability assessment

As discussed, coverage estimates indicate it is likely there is currently under-coverage of the New Ireland disabled population.

In addition, there is also the related issue of the assessment of disability. This issue is complex as it involves the determination of a conceptual model of disability, the development of a workable definition of disability and the development of a consistent, efficient and effective means of assessing disability.

There is, at present, no comprehensive form available for use by Ward Councilors to support the assessment of disability⁴⁰. There is no training for Ward Councilors in the assessment of disability. Determination of disability is currently undertaken *ad hoc* by Ward Councilors and village leaders, most of whom are unlikely to have the skills required to effectively assess disability.

In order to strengthen disability assessment and disability management several initiatives are currently underway, both in New Ireland Province and nationally. The establishment of the New Ireland Disability Organisation³³ will create capacity which can, in turn, support the strengthening of capacity for disability assessment in Wards and villages. In addition, the New Ireland Provincial Administration is working with the Department for Community Development Office of Disability to

³⁸ This can, potentially be undertaken as part of the current World Bank technical assistance to DfCD

³⁹ It is expected the study will explore a range of vulnerabilities including *inter alia*: poverty and food security; access to health care, education, and social support for the aged and those living with disabilities; health, safety and income security for women and children, the impacts of economic change and changing state-citizen relationships on traditional systems of social support

⁴⁰ The Department for Community Office of Disability does have a tool for the collection of information on disability

develop a disability database⁴¹ and with local NGO's⁴² to strengthen the capacity for disability assessment⁴³. The Department for Community Development is working with the Department of Health to determine a definition of disability appropriate for use by the Civil Registry Office⁴⁴. At this time it is not known whether this definition will be able to be used by trained field-staff to assess disability. New Ireland disability policy may also need to be reviewed in order to further develop the definition of disability.

Recommendations:

- **Strengthen the New Ireland Provincial Administration social pension management team through the recruitment of an appropriately skilled and experienced disability officer**
- **Develop a plan to enhance the disability assessment capacity, both at the Provincial Administration level and at the Ward level. This may require strengthening linkages with the Department for Community Development Office for Disability, the Department for Health and local disability management and support services.**
- **Revise the definition of disability (this may be best undertaken within the context of the development of the national disability pension and the establishment of consistent eligibility criteria for the disability benefit)**
- **Develop a robust and workable disability assessment protocol (including the documentation of disability)**
- **Develop and implement training for Ward personnel who may be involved in the assessment of eligibility for the disability pension.**

2. Centrally review new enrolments to the disability pension

There are currently few recipients of the disability pension (estimated 1,100 – 1,200), in absolute number and relative to both old age pension recipients and the disabled population of New Ireland. There are currently issues in respect to the definition of disability, the capacity of Ward Councilors and Village leaders to assess disability and the likely number of disability beneficiaries. There is a risk of large-scale (and potentially rapid) enrolment in the disability pension which will not be able to be managed effectively by the New Ireland Provincial Administration and which may lead to significant funding uncertainty and the potential for a funding blow-out.

Recommendation: Pending strengthening of the disability pension eligibility and assessment processes, the New Ireland Administration should review (at least on a sample basis) new enrolments in the disabled pension in order to monitor eligibility assessment.

3. Undertake a survey of disability in New Ireland

At present the extent of disability and patterns of disability in New Ireland are not known. The likely funding requirement for a disability pension (and the likely support requirement) is currently not known. A survey of disability in New Ireland is required to provide insight into the nature and extent of disability and individual, household and social support capacity, and will provide insight into required forms of disability support and location.

⁴¹ Discussion with K. Doko Department for Community Development Office of Disability

⁴² For example the Red Cross, Cullen Services and Australian Doctors International

⁴³ Discussion with Red Cross Kavieng

⁴⁴ Discussion with Dr Kitur Department of Health

Recommendation: Undertake a Provincially representative survey of disability in New Ireland⁴⁵ to complement the work currently being undertaken to build a database of disability in New Ireland and to increase capacity to support disabled New Irelanders.

4.4. Payment Modality

1. Transition from cash to electronic payment of benefits

Cash payment delivered to each beneficiary is expensive, requires a large human resource commitment in LLGs and Wards, has a high administrative overhead to prepare payment envelopes, is time consuming, inefficient and have a high security risk. Beneficiaries do not know in advance when payment will be received. This reduces the efficacy of the benefit as recipients are unable to plan use of funds. The current payment modality limits the ability of the New Ireland Provincial Administration to pay the social pension in accordance with policy and prevents an increase in payment frequency to quarterly or monthly (preferred by pension recipients). The New Ireland Provincial Administration is aware of the issues with cash payments and has discussed potential for migration to electronic payment with Westpac (Government bankers)⁴⁶. Both BSP and WBC offer basic bank accounts suitable for the receipt of benefit payments⁴¹.

Recommendation:

- **A policy decision is taken to transition from paying pensions in cash to paying pensions electronically, by credit to a bank account, debit card or mobile phone. This will require a change to policy #12 (Administration of Payment) that states payment is to be administered at LLG level.**
- **The migration from cash-based to electronic benefit payment will need to be progressive. In order to achieve electronic payment to a bank account for all pensioners, the completion of the construction of mobile phone towers will be required⁴⁷. In addition, interoperability⁴⁸ will be required to enable payment of benefits to accounts held with a range of financial services providers.**

2. Increase the payment frequency

Beneficiaries interviewed stated they would prefer quarterly or monthly payment. There is evidence quarterly or monthly payment provides a greater welfare benefit. Migration to electronic benefit distribution will enable payment frequency to be increased

Recommendation: Change policy to pay benefits monthly or quarterly.

⁴⁵ This can, potentially be undertaken as part of the current World Bank technical assistance to DfCD

⁴⁶ Discussion Bill Peruan New Ireland Government

⁴⁷ Discussion with Manager BSP Kavieng and Manager WBC Kavieng

⁴⁸ The capability to exchange information and value between banking systems (and mobile phone systems): This may be an issue for New Ireland (and Papua New Guinea generally). A review of the opportunity to develop a mobile money distribution network in Papua New Guinea (Bruett & Firpo, 2009), noted interoperability may be an issue in PNG for the immediate future and, whilst an EFTPOS network is currently in place and appears to be under-utilised, the network needs to be strengthened

4.5. Data and Data Management

1. Recruit a data manager

The current (open source) database and weak data management capacity is a significant constraint to the further development of social protection in New Ireland Province. The Provincial Administration is aware of the constraint and has requested support to resolve current database issues and to further strengthen the data management capacity. This will require the recruitment of an appropriately skilled data manager to develop the information architecture and database capability. The development of database capability can be undertaken independent of the development of the national social pension, or in conjunction with the national pension, with a view to the development of a platform which can be migrated to a central platform or replicated in other Provinces (depending on the systems architecture to be used for the national programme). The latter course of action is considered to be the most appropriate.

Recommendation:

- **Recruit a data manager who can work with the New Ireland Provincial Administration and the Department for Community Development to resolve current database issues and to further strengthen the data management capacity in order to support the enhancement of the New Ireland social pension and the related piloting of the national pension.**
- **If an expatriate data manager must be recruited, it is recommended a PNG national is hired concurrently to work with the expatriate data manager to ensure capacity development, with intention that the PNG national will assume responsibility for data management over time.**

2. Expand the information collected from beneficiaries

The current dataset contains very limited information: beneficiary name, location, birth year, status, and type of benefit. There also appears to be significant inaccuracy in the information collected (or coded to the database). The dataset has limited capability to support the further development of social protection in New Ireland. Initial enrolment in the current old age or disability programme provides an opportunity for the collection of information which can be used to develop a nuanced understanding of the recipients and recipient households and can also be used for the further development of social protection programmes. In addition, beneficiaries do not have a unique identifier. To date this is unlikely to have been an issue. However, as social protection progressively develops in New Ireland and across Papua New Guinea, the risk of duplication increases. The National ID may provide an appropriate unique identifier. If the National ID cannot be used, a separate unique photo ID with a unique identifier will be required.

Recommendation:

- **Implement a unique identifier for each beneficiary**
- **Develop an application form which incorporates a unique identifier and which enables the collection of individual and household level information (including, for example, a household roster, sources of income and household assets)**
- **Progressively reenroll beneficiaries using the updated form**

3. Strengthen the database and related systems

The current database is not working. In addition, it may be difficult to transfer files from the current database to a bank payment system without further development of the database. The database needs to be developed using an appropriate scalable platform which can be sustainably managed locally. It is possible that, in the migration to a national social pension, an open-source platform may no longer be appropriate. The New Ireland government is aware of the requirement for an accurate database to support programme implementation⁴⁹ and the constraints resulting from the current (2014) requirement to process eligibility and payments manually⁵⁰.

Recommendation:

- **As a matter of urgency the current database needs to become operational and useable. Technical assistance may be required.**
- **Review the database platform as the national programme is developed.**

4. Audit receipt of payments

There is currently no independent audit to check whether beneficiaries have received their benefit. The verification of benefit receipt is currently by signature. However, there is currently no means of ensuring the person who signs for receipt of the payment is the beneficiary. A review of the paper records indicated that, at least in some instances, the person signing is not the beneficiary. It was observed that the same signature had been recorded for multiple beneficiaries. This may be due to beneficiaries being illiterate.

Recommendation: Implement a sample check of beneficiary payment receipt as part of the New Ireland Provincial Administration audit cycle.

4.6. Summary and Sequencing of Enhancements

a) Summary of recommended enhancements

The set of recommended programme enhancements is summarized in Table 6.

Table 6: Potential Enhancements to the Pension Programme

Element	Potential Enhancement area	Recommendations
Program design	Review the benefit amount	Index the social pension to the CPI
	Separate the old age and disability components into two programmes	<ul style="list-style-type: none"> • Separate the social pension to two programmes • Allow disabled people over the age of 60 to receive a higher pension
	Implement continuous enrolment	Implement enrolment on eligibility
Old Age Pension	Require documentary evidence of age	Shift from verification by the Ward Councilor to documentary evidence provided by the applicant
	Enhance linkage to Civil Registry	Establish operational relationships with the Provincial Civil Registry and Churches

⁴⁹ Discussion with Jack Lapauve, New Ireland Deputy Administrator

⁵⁰ Presentation by Bill Peruan to PNG Social Protection Technical Assistance Mission

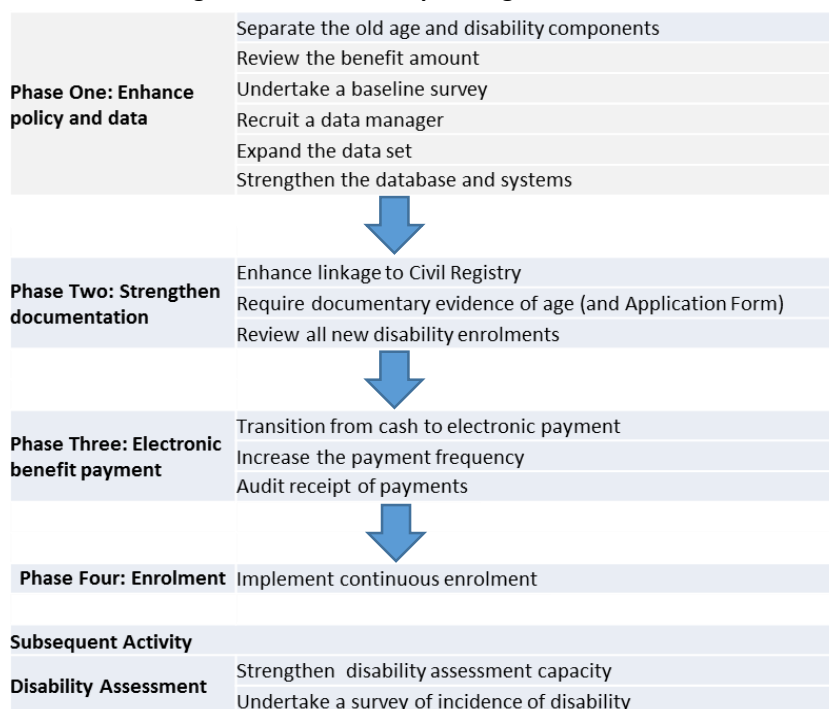
	Undertake a baseline survey	Undertake a baseline survey to determine the economic and social impact of the old age pension
Disability Pension	Strengthen disability assessment capacity	<ul style="list-style-type: none"> Recruit an appropriately skilled disability officer Develop a plan to enhance disability assessment capacity in New Ireland Strengthen the definition of disability Develop a disability assessment protocol Develop training for Ward personnel involved in the assessment of disability
	Centrally review new enrolments to the disability pension	Review new enrolments to the disability pension to monitor eligibility assessment
	Undertake a survey of disability in New Ireland	Undertake a Provincially representative survey of disability in New Ireland
Payment modality	Transition from cash to electronic payment of benefits	<ul style="list-style-type: none"> Change policy to pay benefits electronically rather than at LLG level Work with mobile phone and financial services providers to implement electronic benefit payment
	Increase the payment frequency	Pay the pension monthly or quarterly
Data management	Recruit a data manager	<ul style="list-style-type: none"> Recruit a data manager If an expatriate data manager must be recruited, also recruit a PNG national in order to ensure capacity development
	Expand the data set	<ul style="list-style-type: none"> Implement a unique identifier for each beneficiary Develop a comprehensive application form Progressively reenroll beneficiaries
	Strengthen the database and related systems	<ul style="list-style-type: none"> Correct current database issues Review the database platform to align with the national pension architecture
	Audit receipt of payments	Implement a sample check of beneficiary payments as part of the New Ireland audit cycle

b) Tentative Sequencing

It is recommended the implementation of the potential enhancements be grouped into four phases, commencing with the revision of policy, the commencement of a baseline survey and the strengthening of data management capability (and related systems). These are pre-conditions to the implementation of subsequent changes. Following this it is recommended documentation be strengthened as this is a pre-condition to migration to electronic payments: current beneficiaries will need to be re-enrolled and new beneficiaries enrolled, documentation obtained (and bank accounts opened). It is also suggested that, until the disability pension is revised, as a risk management measure new enrollments to the disability pension be reviewed by the New Ireland Administration. In order to implement document based age verification, enhanced links to the Civil Registry and churches will be required. Following the review of policy, strengthening of the data management and documentation, electronic benefit payment can be implemented and following this continuous enrollment can be implemented as all systems required will be in place and operational. Because the review and strengthening of disability assessment capability may require significant time and resources, it is recommended this is implemented as a separate set of in conjunction with the

development of the national social pension. A schematic of the sequencing of activities is shown in Figure 4.

Figure 4: Tentative Sequencing of Activities



4.6. Conclusions in respect to the suitability of the New Ireland Social Pension as a basis for a National Social Pension

This review concludes that the New Ireland social pension scheme, with modifications, can provide a suitable basis for the old age component of the national social pension. The New Ireland age verification and disability assessment processes, the recurring annual (re)enrolment and payment process and the database limitations indicate the New Ireland old age pension and related processes and administration will require strengthening if it is to be used as the platform for the pilot of the national social pension.

The review concludes the New Ireland social pension scheme does not provide a suitable basis for the disability component of the national social pension. As discussed in the review of the New Ireland social pension, the implementation of a disability pension is significantly more complex than the implementation of an old age pension.

5. Considerations for a National Social Pension Programme

The Department for Community Development was tasked by Cabinet in 2009 to investigate and report on a possible social protection model (DfCD, 2014). Several possible social protection models were examined: traditional social safety nets, institutional care, social insurance, social credit and savings, and the social safety net. The social safety net was recommended as the most appropriate model for Papua New Guinea. The recommendation was accepted. Government is now seeking the development of an Old Age and Disability Pension.

The social pension strategy to finalise the parameters of the pension and to develop the implementation strategy (within the context of the wider social protection policy) is currently being finalised. At this time the transfer modality has not been finalised and may be either cash or in-kind (or a mix of both), although a direct cash transfer to a bank account appears to be the preferred transfer modality (DfCD, 2014). The minimum age for the pension will be 65 years. Types and forms of disability to be covered by the programme have yet to be determined. In addition payment amount and frequency have yet to be finalised.

Whilst acknowledging there are significant aspects of the national social pension which have yet to be finalised, on the assumption that enhanced New Ireland old age and disability programme will be broadly congruent with the national old age and disability programme, the following observations are made in respect to several key elements of programme design and implementation. Key risks are also discussed and a high-level roadmap is suggested.

5.1. Implications of the New Ireland Experience for the National Social Pension

The New Ireland Government has several years' experience with the development and management of an old age and disability social pension. This experience has been gained through trial and error and the New Ireland community development team now has extensive practical experience. It is recommended this experience be drawn on for the development of the national programme.

New Ireland would appear to be the most logical location to pilot the national social pension. The suggested enhancements to the New Ireland pension are recommended to both strengthen the current programme in New Ireland and to provide a basis for the use of the New Ireland programme as a pilot for the national pension, allowing that policy, strategy and programme parameters have yet to be finalised.

The New Ireland Old Age and Disability Pension has been developed to meet the objectives of the New Ireland government. It is, therefore, possible that the national programme may not have same programme objectives and parameters as the New Ireland programme.

a) Programme design

The New Ireland experience suggests it may be appropriate for the social pension to be separated into two programmes: and old age pension and a disability pension, with an initial focus on rolling out the disability pension⁵¹.

Implications:

- **It is recommended the approach suggested for the New Ireland Provincial Administration in respect to applicants providing documentary evidence of age is also adopted for the national programme, with birth certificate, National ID card, hospital records and baptism certificates being accepted records. It is recommended community verification is only used in locations in which document-based verification cannot be used.**
- **It is also recommended a clear and workable definition of disability be developed, along with a national protocol for assessing disability and the development of appropriately skilled capacity in each Province to assess disability. The requirement for services to support the disabled is important, but is separate to the transfer payment.**

b) Eligibility Assessment and Verification

The recommendations which have been made in respect to the New Ireland social pension are also relevant for the national social pension.

Implications:

- **Age must be able to be determined reliably and efficiently, and should be the responsibility of the applicant, not the LLG or Ward.**
- **In addition death needs to be recorded accurately to ensure possibility of phantom beneficiaries⁵² is minimised. Electronic payment can assist with reducing the number of phantom beneficiaries. However, the bank may not be aware of the death of the account owner unless notified.**
- **The role of Ward Recorder is a key role in ensuring births and deaths are recorded. However, the role of the Ward Recorder is currently voluntary and is not, in its present form, considered a suitable basis for the determination of age, or of death. During the field visit in New Ireland the team asked to review to Ward record for three records. In one instance the book had been lost. In another instance it was unavailable, in a third instance the Ward recorder was unavailable. The intention to strengthen the role of the Ward Recorder to become a Ward Registrar is supported. At present this role appears to be a weak link in the chain.**
- **Disability will need to be assessed professionally. It is not considered appropriate for untrained Ward Councilors to use personal judgment to assess disability, without verification. Capacity development may be required in order to enable the professional assessment of disability.**

⁵¹ DfCD has decided to commence the national social pension with the rollout of the old age pension (Discussion with DfCD executive)

⁵² Continued payment of the old age pension to a beneficiary who has died, with funds collected by a third party

c) Payment Modality

Payment of the pension to beneficiaries must be able to be delivered reliably and safely for both the payer (DfCD) and the payee (the beneficiary).

Implications:

- **It is recommended that, as a matter of policy the DfCD only pay the social pension electronically, either directly to the beneficiary's bank account (the preferred modality) or, if it is not possible to use bank accounts by electronic transfer to an intermediary (for example the provision of a voucher to beneficiaries which can be cashed at the Post Office in the nearest town). Payment in of the pension in cash directly by DfCD is not considered to be a viable option for the national scheme.**

d) Capacity development

The New Ireland experience indicates that scheme parameters must be determined and adequate capacity developed in order to deliver the programme within parameters. It has been possible for the New Ireland Provincial Administration to learn from experience, and the national scheme will be the beneficiary of this experience. It has also been possible for New Ireland to adjust payment frequency according to funds available and operational capacity. However, this will not be possible for a national scheme. The complexity of developing and rolling out a national scheme, even if rolled out progressively by Province, will require scheme parameters to be finalised, operational processes developed and documented and capacity developed, both centrally and in each Province, prior to the commencement of the programme in the province.

Implications:

- **The Department for Community Development will need to develop capacity in order to be able to develop, deploy and manage the national social pension. Capacity will need to be developed centrally and in each Province. This is a matter of priority. International expertise may be required.**
- **It is recommended a Capacity Needs Assessment be undertaken for DfCD, both at the central level, at the Provincial Level and at the District/LLG/ Ward level.**
- **It is recommended that all international consultants should have a national equivalent who will work with the international consultants in order to develop the management cadre required to sustainably manage the social protection system in Papua New Guinea.**

e) Organisational infrastructure

A replicable and scalable organisational model and related infrastructure will be required. The New Ireland programme has been developed with a small staffing and limited discrete infrastructure. Going forward the New Ireland programme will require additional staffing and systems capacity.

Implications:

- **Given the geographic and socio-cultural complexity in Papua New Guinea, it is considered the national social pension will not be able to be readily managed centrally and significant operational decentralization will be required. Consequently, resourcing will be required in each Province with linkage back to the central office in respect to both systems and processes and delegations. The resourcing requirement, reporting structure, skills sets**

(and related training) have yet to be determined and developed. It may be appropriate for the proposed Provincial organisation structure to be piloted in New Ireland.

- **Within the context of the above, rollout in each Province is a function of the willingness of the Provincial Administration to implement the social pension, and the administrative capacity to manage the scheme. A methodology will be required to determine organisational capacity. It is strongly recommended the social pension only commence in a Province if the organisational capacity to enroll beneficiaries, to manage scheme operations and to effect payment is in place and has been tested.**

f) Data Management

Data management will be fundamental to the success of the national pension. If data is not managed effectively there is a significant risk of large scale over-payment, with little capacity to determine which beneficiaries are eligible for receipt of the social pension.

Barca and Chirchir, in a recent review of single registries and integrated MIS (Barca & Chirchir, 2014) noted integrating data and information management of social protection programmes through a single registry and associated integrated MIS can lead to more equitable distribution of resources, facilitate oversight of multiple schemes and establish links with other services and increase efficiency of delivery by avoiding duplication, integrated operations and scale. Barca and Chirchir also argued data integration is primarily a policy issue requiring political and institutional arrangements, rather than an issue requiring 'technical fixes'. As Barca and Chirchir also note, development of an integrated data management environment is more feasible when there is a 'solid system for national identification (Civil Registry or social security number)' (Barca & Chirchir, 2014, p. 2).

DfCD does not, at present, have a data management environment which can be used for the management of the national social pension. Development of an appropriate database environment, information architecture and information management processes, will be a critical component in the successful development of the national social pension.

Robust and high capacity data networks are still being developed in Papua New Guinea and the Civil Registry is currently being strengthened and a national ID implemented. It may not be possible, at this time to establish a single database for the social pension if the pension is to be implemented prior to the finalisation of the national ID, Civil Registry and, in particular due to the likelihood of high levels of local use of the data base for data changes and information⁵³.

Implications:

- **It is strongly recommended that, as a matter of priority, the information architecture required to support the social pension, centrally and in each Province, is developed. The New Ireland database cannot be used as the basis for a national programme.**
- **It is recommended that, if a distributed architecture is required in order to commence the social pension at the Provincial level, the data management architecture be designed with the intention of migrating to a single database as soon as is feasible.**
- **The development of the data management architecture and systems infrastructure, ensuring there is a cadre of adequately trained and skilled staff, both at the central office and the Provincial offices will be critical. The New Ireland government, for example, has**

⁵³ Experience in Fiji suggests Social Welfare field-staff are likely to require regular access to the database and access constraints due to limited bandwidth can cause significant processing delay and frustration leading to time consuming and expensive workarounds.

developed a beneficiary database using a volunteer. However, subsequent to the departure of the volunteer it has not been possible to resolve issues with the database which has resulted in 2014 benefit payment sheets being constructed manually.

5.2. Risks

The development of a national social protection system has risks.

The ADB review of social safety nets in Pacific Island countries noted: “Hastily implemented programmes seldom reach their intended target groups, incur excessive costs and have other unplanned results. This is because governments often lack the information, resources and institutional capacity to implement such programmes rapidly and effectively.” The review also noted: “Poorly designed social safety nets run the risk of setting up perverse incentives; at their worst, they can set up opportunities for fraud, political capture, or poverty traps, or simply waste resources” (ADB, 2010, p. 18).

These risks can be reduced to two key risks: program failure and multiple and incompatible systems and processes.

a) Programme failure

There is a significant risk of programme failure. This can take two forms:

Failure to achieve coverage

If the social pension is not implemented appropriately there is a significant risk of failing to achieve coverage. In addition the New Ireland programme appears to have experienced gender bias toward male recipients.

Funding over-run

Conversely there is a significant risk of cost over-run. This can occur in respect to operating costs if scheme operations are not established effectively. More significantly though there is a serious risk of substantial cost over-run if eligibility and verification are not managed carefully. Eligibility for participation in the social pension should not be based on personal judgment, but on robust, auditable criteria which are consistently applied across a known population.

At this time reasonable estimates can be made of the likely population which would be eligible for the old age pension. However, other than the application of global averages, there is no basis for the estimation of the likely disabled population in Papua New Guinea. If not carefully implemented there is a risk the scheme could become effectively an open cheque-book.

It is considered there is a higher risk of program failure for the disability pension than the old age pension. This risk is closely linked to the assessment modality, in particular if the assessment of disability is undertaken *ad hoc* (as is currently the case with the New Ireland social pension). This is likely to lead to either high levels of exclusion error – or high levels of inclusion error due to poor assessment, inconsistent assessment and (possibly) bias in respect to assessment. Objective and consistent assessment by trained personnel, using standard criteria is required.

b) Multiple and incompatible processes and systems

That Papua New Guinea is a diverse society, with a challenging geography, is a truism. Failure to develop systems and processes which are able to manage effectively within this diverse and complex environment is likely to result in the emergence of multiple systems and processes, which may be incompatible, difficult to scale, and difficult to oversee centrally.

One of the most effective means of ensuring efficiency and control can be maintained in a diverse environment is to give priority to the development of a robust and standardised information systems environment, using a common architecture, with development controlled centrally. This will ensure the information systems architecture is closely linked to common documented and auditable systems and processes.

If an appropriate architecture is developed, an effective combination of central control and local operations can be achieved. If an appropriate architecture is not developed the operational environment may become gridlocked due to an inflexible operating environment, or control will be undermined and the national social pension may become a series of inefficiently managed, locally interpreted social transfers, with a related increased risk of fraud and fund misappropriation

5.3. High-level Road Map

The following high-level steps are recommended to implement the old age pension and disability pension. However, this review has been undertaken prior to the completion and circulation of the strategy for the national social pension. The discussion regarding the implications of the findings for the roll-out of the national social pension is, therefore, preliminary.

The suggested high-level road map is based on the progressive implementation of the old age pension and the development of capacity to implement the disability pension, with the subsequent implementation of the disability pension. A time line has not been included at this time.

a) Programme Design

The review recommends the Department for Community Development consider sequential roll out of the two components of the national social pension, with an initial focus on developing capability to roll out the age pension and the progressive development of capacity to develop and manage a disability pension.

b) Old Age Pension

1. Finalise the Old Age Pension Programme Design

It is important that the design of the old-age pension must be completed prior to detailed development of systems and processes. It is suggested the parameters of the old age and disability pension are finalised sequentially as the determination of the parameters of the disability pension may take time to finalise. Following the finalisation of programme design, the drafting of policy and enabling legislation can be completed.

2. Determine the budget and funding for the Old Age Pension

Costings have yet to be developed for the progressive roll-out of the old age pension. Full implementation costings have been developed for the old age component of the national pension, with eligibility at 60 or 65 years and a monthly payment of K30 and K60.

3. Undertake a baseline study in New Ireland

In order to determine the welfare and social impact of the programme and to provide a baseline for the implementation of the national social pension, it is recommended a provincially representative baseline study is undertaken in New Ireland Province. The study should be able to provide a baseline for elderly New Ireland residents who are not in receipt of the social pension, in addition to residents who are in receipt of the pension. The study can then be replicated as the programme is rolled out in other Provinces. The baseline survey will form a basis for subsequent programme monitoring and evaluation.

4. Further develop the New Ireland programme

The recommended enhancements are, with the exception of the separation of the old age and disability pensions into two programmes, primarily operational.

The enhancement of the New Ireland old age pension provides an opportunity to trial a range of programme enhancements in order to determine a final pension design. It is recommended consideration be given to developing several variants of the old age pension modality (for example enrolment processes, payment frequency, payment amount, linkage to other social protection programmes) and testing these in New Ireland.

5. Strengthen the Department for Community Development capacity to implement the social pension

An assessment of DfCD capacity (central and Provincial) will be required, both at the Head Office in Port Moresby and at the Provincial Offices selected for the initial implementation of the social pension. The Department for Community Development is implementing several major programs: the National ID programme in conjunction with the National Statistics Office, the redevelopment and decentralization of the Civil Registry, the implementation of the social pension. Capacity to implement the social pension nationally is limited. Provincially, there is (with the exception of New Ireland Province) either very limited or no capacity in the Provinces to implement a social pension. DfCD capacity will require significant strengthening.

Resource planning and an operational architecture will be required which allows for the progressive growth of resourcing as the social pension is deployed nationally. It is recommended this is structured progressively:

- Determine the requirements at Provincial level, using New Ireland as a basis
- Determine central requirements to support the initial set of Provinces
- Progressively develop capacity as further provinces added.

It is suggested an appropriately skilled and experienced project manager be employed to lead the implementation of the social pension (refer Appendix Four for the draft Terms of Reference). In addition to the project manager it is recommended the following initial resources will be contracted/recruited:

- IT specialists: to develop the systems architecture, operating platform and database (both front end and back end) in conjunction with the government computing service
- Payments specialist: Whilst electronic payment is recommended as basis for payment, it may not be possible to implement a single national architecture due to environmental complexity and development of telecommunications and payments systems and payments systems interoperability
- Documentation specialist: The development of the old age pension (and disability pension) will require the development of operational processes. These will need to be documented as standard operating procedures (SoP). Specialist resource will be required to draft the SoP
- HR specialist: (including training): A large number of staff will need to be recruited and trained. Standard roles will need to be defined, standard and objective selection criteria determined. Staff will also need to be trained to implement the SoP
- Audit specialist: to develop the audit cycle and programme for beneficiaries and payments systems
- Disability pension specialist: to finalise the design of the disability pension may be required

It is recommended that, if it deemed is necessary to recruit international specialists in order to develop initial organisational capacity, local counterparts are also hired with the intention of developing sustainable organisational and management capacity.

6. Document Policy, Procedures and Processes

There is currently no documentation or Standard Operating Procedures to support the old age (and disability) programmes. The development of documentation is a significant task which will take time to complete. Documentation will need to include *inter alia*:

- Pension policy
- Age verification protocols and protocols for the determination of death.
- Payments protocols
- Application and operational processes
- Grievance processes

7. Develop database and systems

The development of appropriate systems architecture and database capability is fundamental to the success of the social protection programme. The issues with the New Ireland database are a constraint to further development of the old age and disability programme in New Ireland. If not defined carefully there is a risk of multiple systems which cannot communicate and which are difficult to upgrade. The example of the Department of Social Welfare in Fiji is illustrative of the issues which can arise and which can be very difficult (but possible) to resolve, if sustainable and appropriate systems architecture is not implemented.

It is recommended the Department for Community Development implement a single database, which can be accessed locally. The database will need to enable progressive roll-out of the social pension and the introduction of new programmes over time. Once implemented, the New Ireland database will need to be migrated to the central database. Consideration will also need to be given to the network architecture. The experience of the Civil Registry in implementing the decentralization of the registry may provide insight into the architecture required for the social pension system.

8. Determine the Provincial Roll-out Programme

At this time it is not possible to determine the provincial implementation programme. Roll-out will be contingent of the willingness of provinces to participate in the social pension and Provincial capacity to implement the programme.

It is recommended an assessment model is developed in order to determine Provincial capacity to implement to the social pension. The model will need to include assessment of:

- Telecommunications capacity
- Payment systems capacity (related to telecommunications capacity)
- Provincial operational capacity

It is recommended that the decision to implement in a province be contingent on payment and telecommunications capacity being adequate. Provincial capacity can be developed, however payment systems capacity must be in place prior to the commencement of enrolment and the payment of benefits (assuming a policy decision is made to require electronic payment).

It is recommended the Provincial roll-out programme include the following activities:

- A baseline study prior to implementation
- Development of operational infrastructure
- Recruitment and training of Provincial Community Development staff
- Implementation and testing of the database of information technology platform
- Community awareness raising
- Commencement of enrolment

If continuous enrolment is used, implementation of the social pension in Provinces will be able to be undertaken progressively.

b) Additional activities to implement the Disability Pension

In addition to the activities required to develop the capacity to develop, implement and manage the national social pension, commencing with the old age pension, there are several additional activities which will be required in order to develop the disability pension.

1. Define disability and develop a protocol for disability assessment

The design of the disability pension has yet to be finalised. In particular, a workable definition of disability and the protocol for assessing disability have yet to be determined.

2. Undertake a prevalence study of disability in Papua New Guinea

The extent of disability in Papua New Guinea is, at present, poorly understood. It is therefore difficult to determine the likely scope and funding requirement for a disability pension. It is recommended that, following the determination of a definition of disability, a study of the prevalence of disability in Papua New Guinea is undertaken to the number of disabled persons likely to be covered by the disability pension.

3. Determine the budget and funding for the Disability Pension

The cost of the disability pension is likely to be significantly higher than the cost of the old age pension, both operationally and in respect to programme funding. The costs associated with age verification (assuming documentary verification) will be borne by the applicant. However, it is likely the cost of disability assessment will need to be borne by the State.

It is considered likely the Department for Community Development will need to work with the Department of Health and disability support agencies to finalise the definition of disability, programme parameters, the disability assessment protocol and the operational processes for the assessment of disability. At this time it is not possible to determine the process by which disability will be assessed. Capacity to assess disability in Papua New Guinea is, at present, inadequate⁵⁴. It is, however, recommended that disability assessment be undertaken by suitably skilled personnel. It is considered unlikely Ward Councilors will have the skill necessary to assess disability.

⁵⁴ Discussion with Dr Kitur, Department of Health

Appendix One: Dataset used to Estimate of Old Age and Disability Pension Coverage

In order to develop an estimate of programme coverage, an initial analysis has been undertaken to determine the likely coverage of both the old age and disability components of the pension programme. The analysis has been undertaken using currently available data. The findings are tentative⁵⁵.

i. Development of dataset

A dataset was constructed using the payment spreadsheets for 2012, 2013 and 2014 (year to date). The Provincial Government provided spreadsheets for seven LLGs (refer Table 7). Data was not provided for two LLGs (Tikana and Konoagil). 2014 payments data was not available for LLGs other than Namatanai and Murat. Namatanai data was only available for 2014.

Table 7: Beneficiary Payments Data in Spreadsheets

District	LLG	2012	2013	2014
Kavieng	Kavieng Urban	Data ⁵⁶	Data	No data
	Lavongai Rural	Data	Data	No data
	Murat Rural	Data	Data	Data
	Tikana Rural	No data	No data	No data
Namatanai	Konoagil Rural	No data	No data	No data
	Namatanai Rural	Missed only ⁵⁷	Missed only	Data
	Nimamar Rural	Data	Data	No data
	Sentral Niu Ailan Rural	Data	Data	No data
	Tanir Rural	Data	Data	No data

The following process was used to create the dataset

1. Individual LLG payment sheets were merged to create a consolidated dataset of 13291 discrete records.
2. Additional variables were added (refer Table 8)
3. Two data sets were then created: a dataset of payments by beneficiary by year and a dataset of unique beneficiary records.

⁵⁵ In order to undertake a comprehensive analysis, the complete database will need to be accessible and current (2014) beneficiaries validated.

⁵⁶ Beneficiaries recorded as either having received a payment, or having missed out on receipt of a payment

⁵⁷ Beneficiaries recorded as having missed out on receipt of a payment

Table 8: Variables in Dataset

From Spreadsheets	Used for analysis	Notes
Given Name	Given Name	
Family Name	Family Name	
Gender	Gender	
Birth Year	Birth Year	
	Age	Calculated
LLG	LLG	Initially separate spreadsheets
	Urban/ Rural	From census classification
Ward	Ward	
Village	Village	
Type of Pension	Type of Pension	Old Age or Disability
Status	Status	Whether the beneficiary was a current recipient, a new recipient, or was enrolled but missed out on receipt of the payment

The payments dataset was used to analyse receipt of the pension. The dataset of unique records was used to examine beneficiary characteristics and coverage.

ii. Unique Records

The annual beneficiary payments data cannot be used to determine the extent to which the likely beneficiary population is receiving a pension payment as the number of beneficiaries is recalculated each year. The variance in the number of beneficiaries is greater than the estimated population change. This suggests that changes in the number of beneficiaries receiving a payment are likely to result primarily from listing rather than eligibility.

The beneficiary record for each of the years 2012-2014 was used to create a set of unique beneficiary records. The assumption underpinning the development of a single set of records was that, over time it is likely more beneficiaries will be captured, even if they are not captured each year. The likely beneficiary count will be slightly overstated as there is no way of knowing whether beneficiaries who are not recorded in subsequent years have died. Nevertheless the set of unique records is considered to be a reasonable basis for approximating the number of beneficiaries and the characteristics of the benefit recipients for the seven LLGs for which data was available.

Beneficiaries do not have a unique identifier. Unique records were developed by de-duping (family name+ given name+DoB+ location). The set of unique record therefore comprises the set of recipients with a unique name, age and village.

As noted above, there are two LLG's for which there no data was available. It was assumed the two LLG's for which data was not available are likely to have a beneficiary population similar to the average of the seven LLGs for which data was available. The average number of beneficiaries for the years 2012-2013 was 8,476. As shown in Table 9, scaling up the number of unique records to account for the missing LLGs results in an estimate of 8601 pension recipients; the estimation is therefore considered to be reasonable.

Table 9: Unique Records

	Unique records in dataset	Assume 80%	Average recipients 2012/3
Disability	942	1,130	
Old Age	6225	7,470	
Total	7167	8,601	8,476

iii. Incomplete Records

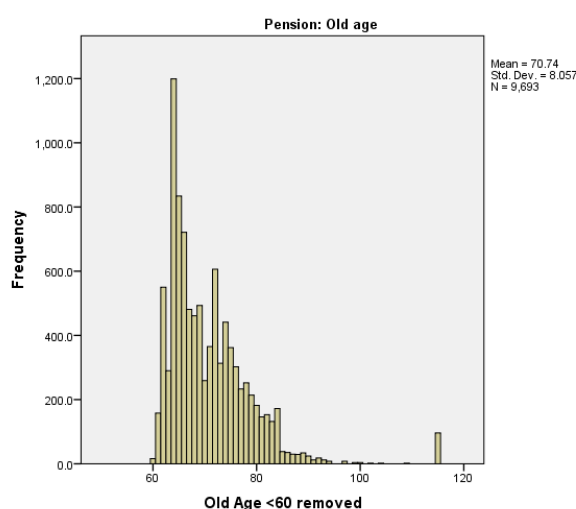
The datasets comprise complete and incomplete records. De-duping the dataset enabled instances of incomplete data by year to be corrected. There are, however, records which are not complete. There were a very few instances of location or name not being recorded. However, as shown in Table 10, there are a significant number of beneficiaries for whom age has not been recorded, in particular recipients of the disability pension.

Table 10: Age Recorded by Pension Type

	2012	2013
Disability	26.7%	26.5%
Old age	85.5%	85.7%

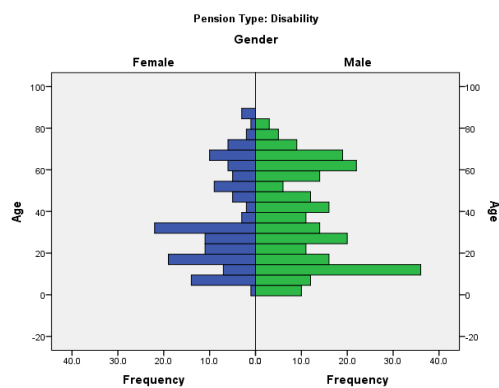
iv. Old Age Population and Age distribution

Age was recorded for approximately 85% of old age pension recipients. An age was lower than 60 was recorded for a 15% of old age pension recipients. It is not known if the age of these recipients has been miscoded, or the benefit type has been miscoded. . The age distribution for old age pension recipients is shown in Figure 4. Miscoded recipients have been excluded.

Figure 5: Age Distribution Old Age Pension


The age distribution for disabled beneficiaries, where age has been recorded, is shown in Figure 5

Figure 6: Age Distribution of the Disability Pension by Gender



Appendix Two: Key Informant Interviews and Meetings

Key Informant Interviews/ Meetings New Ireland

- Deputy Provincial Administrator (Jack Lapauve)
- CEO Public Order and Community Development (Bill Peruan)
- Advisor to Sir Julius Chan (Dr Bruce Harris)
- DfCD, Managers responsible for disbursement of Social Pension funds to beneficiaries
- PNG National Statistics Office, National Statistician (Roko Koloma) and team
- Red Cross, Volunteer (Australian public health specialist) supporting the enhancement of disability management capability in New Ireland (Lyle Alickson)
- BSP Keviang, Manager (Madeline Leka)
- WBC Keviang, Manager (Mary Gima)

Key Informant Interviews/ Meetings Port Moresby

- Department of Health (Dr Kitur)
- DfCD Executive (led by Anna Solomon)
- DfCD Social Policy/ Pension team (led by Leo Kolumba)
- DfCD Civil and Identity Registry Office (led by Dickson Kiragi Civil Registrar)
- DfCD Office of Disability (Konio Doko)
- Bank of Papua New Guinea (Augustine Birie)
- Department for Provincial and Local Level Government (Rufina Peter)
- DfCD Technical Working Group (UNCDF, UNICEF, UNHR, arranged by Tenzin Ngodup)

Appendix Three: Focus Group Discussions

Several focus groups of beneficiaries were undertaken during the field visit to New Ireland Province. Focus group discussions were held in three villages. The findings are therefore indicative and data saturation was not achieved. The focus groups were undertaken with beneficiaries in rural villages. Four focus groups were held in three villages. Two focus groups were held at villages along the Boluminski Highway. The villages were between 30 – 45 minutes' drive from Kavieng. The highway is sealed and villages have mobile phone access and access to local banking services. Both villages were next to the highway. The third village visited was on the west coast. The road was not sealed and there was no readily accessible banking service and no mobile phone tower.

Focus groups were moderated by members of the field-team, with support from New Ireland Provincial Administration staff involved in the management of the pension programme. The Ward Councilor and Chairman of the Village Planning Committee were present for two of the villages. The focus groups and participants are summarized in Table 11.

Table 11: Focus Groups Participants

Ward	Village	Est. Residents	Men	Women	Focus Group
7	Lovongai	800	12	5	Single focus group
10	Loraibina	200	1	4	Single focus group
16	Lasmusmus	400	6	10	Gendered focus groups
Total			19	19	

Households and sources of income

Few participants stated they lived alone or solely with their spouse. Most participants stated they lived in households with adult children and school age grandchildren. This appeared to be the most common domestic arrangement. Typical sources of household income were primary production: gardening, marketing, copra, oil palm, betel nut, or fishing/ hunting. Some participants stated they earned income from employment in primary production.

Use to Banking Services

There was a bifurcation in the use of banking services. Nearly all beneficiaries who lived along the Boluminski highway stated they had bank accounts and regularly used the account and were able to access their BSP or WBC account at the local store through an ATM or in-store banking. The ownership and use of a bank account was part of the daily life of these focus group participants.

By contrast, beneficiaries who lived in Lasmusmus village on the other side of the island typically stated they did not own a bank account. The village does not have access to banking services. Villagers stated the village had not been visited by either BSP or Westpac in the last two years. These villagers stated they preferred to receive their pension in cash.

Ownership and use of a mobile phone

All participants in villages along the Boluminski Highway owned and used mobile phones, mostly for making and receiving phone calls. Most participants in Lasmusmus village did not own a mobile phone. More men than women reported ownership of a mobile phone.

Appendix Four: Draft Terms of Reference for Social Pension Project Manager

Social Protection Project Management Specialist Department of Community Development, Papua New Guinea

Background

The Department of Community Development is developing social protection in Papua New Guinea. The development of social protection will commence with the development of a social safety net. It is expected there will be two initial components to the social safety net: a universal old age pension and a disability pension. It is intended the implementation of the social pension will commence with the development of the old age pension. The social protection policy, and within this context the old age and disability policy is currently being developed by the Department for Community Development.

Papua New Guinea does not currently have a social protection system. An old age pension and disability pension have been implemented in New Ireland Province. The New Ireland programme is currently being enhanced with the intention the programme will become a pilot for the national programme.

The implementation of the social pension in Papua New Guinea poses unique challenges. In addition to currently limited operational capacity to develop, implement and manage a social pension, Papua New Guinea has a very diverse social environment and a challenging physical environment. Implementation of the social pension will therefore require the *de novo* development of operational capacity which spans all aspects of the development, implementation and management of a cash transfer based social safety net, both centrally in Port Moresby and in each of the twenty-two provincial-level divisions in Papua New Guinea. The development of the social pension will be undertaken within a context of rapidly developing payment systems, telecommunications and information technology capacity.

In order to support the Department of Community Development, a suitably skilled and experienced project manager is sought. The project manager will lead the implementation of the social pension in Papua New Guinea and will work alongside a national counterpart. It is expected the national counterpart will progressively assume responsibility for the ongoing management of the social protection programme in Papua New Guinea.

Responsibilities

The role is not responsible for social protection policy.

The key responsibilities are operational. The project manager will report to [the Deputy Secretary] and will be accountable for:

- 1) The development of both Head Office and Provincial operational capacity, including:
 - All operational systems and processes
 - Information systems and databases [in conjunction with the Government Computing Service] required to manage the programme
 - Payment systems (electronic transfer payment modalities will be used) required to effect payment to beneficiaries
 - Development and documentation of Standard Operating Procedures
 - Development of the audit programme

- Determination of Head Office and Provincial staffing, and the selection and training of staff
 - Implementation of a workable and effective monitoring and reporting system to measure the timeliness and quality of outputs
 - Liaison with government agencies, CSOs, donor organization and the Bank of PNG to optimize synergies and collaboration to achieve the intended results.
- 2) Management of the progressive roll out of the old age pension and subsequently the disability pension
- Development of the national roll-out program including time-lines, budget, inputs required, staffing and performance indicators
 - Progressive roll-out in each of the twenty-two provincial-level locations

Duration and Contract Modality

The post is for a fixed term of [three years] with no expectation of extension. The successful applicant will be contracted as a consultant by the Department of Community Development. The incumbent will be based at the Department in Port Moresby and is expected to travel frequently within Papua New Guinea.

Qualifications

An advanced tertiary qualification in an appropriate discipline coupled with a minimum of 10 years' experience in large-scale social protection project management. Papua New Guinea has a very diverse cultural environment. The project manager must be able to work successfully in this environment. Knowledge of socio-economic issues in PNG which includes various vulnerable groups, in particular women, and the strategies employed to address these are important to this role.

Competencies:

- Highly developed communication skills in English.
- Highly developed cross-cultural communication and interaction skills, including with international consultants and rural and low income households.
- Demonstrated ability to develop organisational operational capacity in multiple locations and implement social protection programmes in a complex environment.
- Experience at working in Pacific Island countries would be an advantage

Working Style:

- Able to work in a complex environment and to manage uncertainty
- Ability to work collaboratively both within the organisation and across organisations
- A strong commitment to the capacity development of national staff
- Integrity and high ethical standards
- Cultural, gender, religion, race, nationality and age sensitivity and adaptability

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